

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

JUL 30 2012

In the Matter of Westar Energy, Inc. and Kansas)
Gas and Electric Company Seeking)
Commission Approval to Implement Changes)
in Their Renewable Energy Program Rider)
Adding a Sustainability Program Option for)
Large Commercial or Industrial Customers.)

by
State Corporation Commission
of Kansas

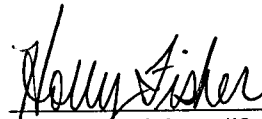
Docket No. 12-WSEE-652-TAR

NOTICE OF FILING OF STAFF REPORT AND RECOMMENDATION

Staff hereby files its Report and Recommendation, attached hereto and made a part hereof by reference, containing Staff's analysis and conclusions regarding Westar Energy, Inc.'s Renewable Energy Program Rider Adding a Sustainability Program Option for Large Commercial or Industrial Customers.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation and for such other and further relief as the Commission deems just and proper.

Respectfully submitted,



Holly J. Fisher, #24023
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Mark Sievers, Chairman
Thomas E. Wright, Commissioner

Sam Brownback, Governor

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

STATE CORPORATION
COMMISSION

JUL 26 2012

PATRICE PETERSEN-KLEIN
EXECUTIVE DIRECTOR

TO: Chairman Mark Sievers
Commissioner Thomas E. Wright

FROM: Andy Fry

DATE: July 26, 2012

DATE SUBMITTED TO EXECUTIVE DIRECTOR: 7/26/12

DATE SUBMITTED TO LEGAL: 7-27-12

DATE SUBMITTED TO COMMISSIONERS: 7-30-12

SUBJECT: 12-WSEE-652-TAR: *In the Matter of Westar Energy, Inc. and Kansas Gas and Electric Company Seeking Commission Approval to Implement Changes in Their Renewable Energy Program Rider Adding a Sustainability Program Option for Large Commercial or Industrial Customers*

EXECUTIVE SUMMARY:

On February 24, 2012, Westar Energy Inc. and Kansas Gas and Electric Company d/b/a Westar Energy (Westar) filed a request to change its Renewable Energy Program Rider (Renewable Rider). The proposed tariff modifications include a new Sustainability Program Option that would allow Westar to offer a discount to certain customers based on their respective efforts at sustainable initiatives. Staff recommends the approval of Westar's Application under the condition that Westar be directed to enhance the consistency and transparency of the process by modifying the Character of Service section of the tariff and clarifying the definitions used in the Renewable Rider..

BACKGROUND:

In Docket No. 08-WSEE-309-PRE, the Kansas Corporation Commission (Commission) ordered Westar to develop a green tariff. The initial goal of this tariff was to allow customers to incent Westar to further develop renewable energy.

In response, Westar filed a Renewable Rider in Docket No. 08-WSEE-1041-RTS. However, actual Commission approval of this voluntary¹ tariff took place in Docket No. 09-WSEE-198-TAR. On February 24, 2012, Westar filed an amended version of its Renewable Rider in Docket No. 12-WSEE-652-TAR. The proposed changes include adding a new component to the existing rider that would allow Westar to give a discount to its High Load Factor (HLF) and Medium General Service (MGS) customers

¹ Subscription and the commitment to pay the additional charge imposed by this optional rate schedule is voluntary.

that have either obtained LEED certification from the US Green Building Council or have made efforts to show a “commitment to sustainable energy initiatives.”²

ANALYSIS:

In this Docket, Westar proposes adding another section to the existing voluntary Renewable Rider. This new feature, titled Sustainability Program Option, would be made available to customers receiving service under the HLF and MGS tariff schedules. The proposed section offers the following: (1) an option to select a percentage of total energy use, in 5% increments, that must be from renewables—currently, customers under the Renewable Rider purchase in 100 kWh blocks; and (2) gives Westar latitude to reduce the current tariff charge of \$.01/kWh based on whether customers obtain various levels of LEED certification from the US Green Building Council and/or commitment to “sustainable energy initiatives.” In support of this program offering, Westar stated it had specific commercial customers requesting such features.³

As with any discount or incentive program, it is important to have consistent program offerings to all interested customers. Because Westar is proposing a discount on a quantifiable good (kilowatt-hours, kWh), as opposed to a general characteristic (renewable), Staff seeks to maintain consistent treatment for participating customer classes. Therefore, Staff worked with Westar to provide more specificity and clarity in defining what conditions would qualify customers to receive a certain level of discount on the Renewable Rider.

Customers subscribed under Westar’s Renewable Rider voluntarily pay \$0.01 per kWh in addition to the charges they incur under the standard tariff schedule. The revenues collected under this tariff (\$8,373 in 2010) flow back to all of Westar’s retail customers through the Annual Cost Adjustment (ACA) mechanism—in essence helping to offset overall retail fuel and purchased power costs.⁴ Note that the fuel and purchased power costs are representative of costs associated with any generation mix, including, but not limited to, renewables. Therefore, the revenues that the Renewable Rider generates are used to offset costs of renewable resources, as well as all other generation sources’ fuels and purchased power through Westar’s ACA. Staff believes it is necessary to explicitly state this information to potential participants in the Renewable Rider. Therefore, Staff proposes tariff language changes to enhance the transparency of the process.

Westar’s original intent in offering the Renewable Rider was to allow customers to help stimulate construction of renewable generation.⁵ Once the Renewable Energy Standards Acts (RES) was passed, however, Westar was statutorily obligated to include renewables in its generation mix.⁶ As a result of Westar’s statutory obligation, this optional tariff schedule allows customers to voluntarily pay more for the same generation mix that all Westar retail customers pay for in their standard rates and for which Westar has already committed to construct and/or purchase, with the intent to incentivize renewable development.

² Westar’s Application to modify its Renewable Energy Program Rider, filed February 24, 2012, Tariff Sheet 2 of 3.

³ Commission Staff Data Request 5 in the attached Exhibit 1.

⁴ \$1,776 (Westar South) and \$6,607 (Westar North) = \$8,383 Revenues for Renew Program recorded in Westar’s FERC Form 1 (2010) match the revenues in Docket 11-WSEE-653-ACA.

⁵ K.S.A.66-1258, May 28, 2009.

⁶ The RES mandated that Kansas Investor Owned Utilities (IOU) provide renewable generation of no less than 10% of the IOU’s peak demand in 2011-2015, 15% from 2016-2019, and 20% in 2020.

Westar stated it currently has sufficient renewable generation to supply both the RES mandates and this Renewable Rider tariff without “double counting” (i.e. without using the renewable aspect of the generation for both purposes).¹² However, in discussions with Staff, Westar acknowledged that as the RES mandate ramps up to higher required percentages in upcoming years, there will come a time when compliance with the RES mandate alone will use all of Westar’s renewable generation currently in service or under construction. Therefore, there may come a time when Westar is no longer able to satisfy the requests under its Renewable Rider with its own existing renewable generation.

At that point, Westar has two choices on how to fulfill the future requirements for the renewable energy under the Renewable Rider—procure new generation or purchase Renewable Energy Credits (RECs). However, Westar seems to favor the option of purchasing RECs to satisfy its responsibilities related to this tariff rather than procuring new renewable generation sources.¹³

Westar quoted a price of \$0.85/REC (where each REC represents 1 MWh of energy) in Kansas.¹⁴ Given the current price, and assuming no significant processing fees are incurred on Westar’s behalf in acquiring the RECs, Westar’s customers would be charged a price ten times greater under the Renewable Rider tariff than what Westar would normally pay for RECs.¹⁵ Further, Westar affirmed that the cost of RECs that can be acquired to meet the obligation of the Renewable Rider program is approximately one-tenth of the revenue that would be charged for the program.¹⁶ Yet, despite how expensive this option may appear, it should be noted that for Westar to actually procure new generation to satisfy future customers’ requests for renewable energy under the Renewable Rider, the current renewable energy charge of \$.01/kWh (\$10/MWh) will most likely need to be increased in order to adequately finance such an endeavor. Ultimately, Westar may have to switch to purchasing RECs or increase the renewable energy charge to continue to offer service under this Renewable Rider in the future. Because of this, Staff sees a need for Westar to modify the Character of Service section of the tariff to prevent double counting and to fully inform potential customers of the origin of the product offering in which they are actually receiving.

¹² See email dated Monday, May 7, 2012, 12:37PM from Dick Rohlfs (Westar) to Elena Kanaeva-Larson with subject “RE: 12-WSEE-652”, attached as Exhibit 2. In this email Mr. Rohlfs states how Westar has sufficient renewable generation to maintain this program and maintain Westar’s RES compliance without purchasing RECs or procuring new generation in the short term.

¹³ Paragraph 7, Westar’s Reply to Petition to Intervene by Occidental Chemical Company in Docket Number 12-WSEE-652-TAR, filed May 7, 2012.

¹⁴ Staff Data Request 8, part of Exhibit 1.

¹⁵ “As Westar indicated in response to Staff Data Request No. 8, attached hereto as Exhibit B, one REC can currently be purchased for 85¢ and represents the production of 1000 kWh of renewable energy. Under the Renew Program, Westar would receive \$10.00 for the same 1000 kWh purchased by its customers under this voluntary program. Thus, even if Westar were required to purchase RECs to satisfy its obligations under the Program, customers would be receiving a benefit through the RECA of \$9.15 for each 1000 kWh purchased under the Program. Even purchases receiving the highest discount proposed in the above-captioned docket would generate a benefit to customers of \$6.15 for each 1000 kWh purchased under the Program.”, Paragraph 8, Westar’s Reply to Petition to Intervene by Occidental Chemical Company in Docket Number 12-WSEE-652-TAR, filed May 7, 2012.

¹⁶ This quote can be found in an email dated Monday, May 7, 2012, 12:37PM from Dick Rohlfs (Westar) to Elena Kanaeva-Larson with subject “RE: 12-WSEE-652”, attached as Exhibit 2.

RECOMMENDATION:

Because Staff is seeking consistent tariff conditions, consistent tariff offering, and transparency, Staff recommends the approval of Westar's Application under the condition that the following changes are made:

A. Enhance the transparency of the process used to fulfill the requests under this Renewable Rider by incorporating the following in the Character of Service section of the tariff:

- (1) Acknowledge that Westar-owned generation sources used to generate renewable energy satisfies requests under the Renewable Rider and are the same as what is already included in Westar's generation mix to serve all of its customers.
- (2) Clarify that in cases where the renewable generation resource is also used to satisfy RES requirements, the capacity is not being double counted under the Renewable Rider (i.e. to ensure Westar is in compliance with K.A.R. 82-16-6).¹⁹
- (3) Delete the phrase stating Westar agrees to "generate energy from renewable resources" if and when Westar is no longer utilizing such generation sources and is instead purchasing RECs.

B. Clarify key definitions used in the Renewable Rider.²⁰

- (1) Modify the tariff's current definition of "Renewable Energy" to match the the commonly accepted definition found in the RES.
- (2) Define "commitment to sustainable energy initiatives" as "programs that are recognized by the utility industry and government deployed by individual large commercial and industrial customers as having an elevated level of commitment to our environment, energy efficiency and renewable energy programs."²¹
- (3) Delineate specific levels of Westar-proposed discounts under the Westar-requested Sustainability Program Option.²²

cc: Patrice Petersen-Klein, Executive Director
Jeff McClanahan, Director of Utilities
Michael Wegner, Chief of Energy Operations
Holly Fisher, Litigation Counsel

¹⁹ Staff and Westar already reached an agreement on this issue, see Exhibit 4.

²⁰ Westar was amenable to all three suggestions below.

²¹ Westar submitted this definition in Staff Data Request 5.2.(a), see Exhibit 1.

²² Staff drafted a sample table. Westar was agreeable to integrate a similar table, see Response to Staff Data Request 9, Exhibit 1.

Kansas Corporation Commission
Information Request

Request No: 5

Company Name

Docket Number 12-WSEE-652-TAR

Request Date March 15, 2012

Date Information Needed March 23, 2012

RE: Sustainability Program Option section

Please Provide the Following:

1. What was the reason for the addition of the Sustainability Program Option to the existing Renew tariff (i.e. specific customer(s) requesting such provision, internal/external mandates, etc)? Also, what is the precise basis for Company's request to have the Commission act on this Application "...at its earliest convenience, but in no event longer than thirty days?" (i.e. is there a critical revenue/operational impact potential the Staff should be made aware of ?)
2. Directly from the language included in the newly added section of the tariff:
- (a) Please, provide the definition for the term "commitment to sustainable energy initiatives". What specific activities are implied under such "initiatives"?
- (b) What means, if any, will Westar employ to verify the nature of such customer-taken initiatives and whether they actually taken place?
- (c) What specific methodology/scale will Westar apply in reduction to the Renewable Energy Charge? The general description and the use of the passive language ("may consider") in the proposed tariff, although it provides the upper "cap" for the total reduction amount per block, makes it unclear on who may qualify for it + what the actual amount is and how it is determined. [Specific paragraph: "*Company may also consider the reduction to the Renewable Energy Charge based on the customer's commitment to sustainable energy initiatives, plus the average load and energy use of the customer. The reduction to the standard Renewable Energy Charge shall not exceed 30% per block.*"]

Submitted By Elena Larson

Submitted To Dick Rohlf

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

KANSAS CORPORATION COMMISSION

MAR 22 2012

UTILITIES DIVISION

Signed: Dick F. Rohlf

Date: 3-22-2012

Responses to information requests in Docket No. 12-WSEE-652-TAR

1. Attached is a work paper indicating the number of customers at the end of the period and the annual revenue for the periods - 2010 and 2011 calendar year and 2012 through February. This revenue was credited through the Retail Energy Cost Adjustment clause pursuant to the Commission's Order in Docket No. 08-WSEE-309-PRE.

2. No.

3. The \$1 per block is not justified by the costs in the same manner as is accomplished in a rate proceeding. The Renew Rider pricing in part, is set to meet customers interest in acquiring renewable (green) energy without the upfront cost of installing wind or solar and in part, equal to or slightly greater than the cost of a Renewable Energy Credit (REC) that could be purchased from an exchange.

Westar was required to file a renewable tariff by Order of the Commission in Docket No. 08-WSEE-309-PRE. This tariff was first submitted in Docket No. 08-WSEE-1041-RTS. In order to comply with the Commission's Order in the 08-309 Docket of the tariff was refiled in Docket No. 09-WSEE-198-TAR so that the tariff could become effective just prior to the commercial operation of Westar's wind farms. A copy of the transmittal letter in the 09-198 docket is attached to this response.

4. Evidence supporting the statement that "all of the revenue from the sale of Renew energy blocks is flowed through ... the Retail Energy Adjustment clause" can be found in first the RECA tariff at sheet 3 of 7 under the P_A clause that reads in part, "In addition, the revenue received from the sale of Renewable Energy Credits (RECs) and the revenue received from the Renewable Energy Program Rider shall be credited as an offset to purchase power". The actual dollars credited through the RECA can be provided on a monthly basis if needed. See also the response and attachment to question 1.

5. The reason for adding the Sustainability Program Option to the existing Renew tariff is to acknowledge those customers who are willing to contribute to sustainability by improved methods of construction and materials that influence lower energy use through excepted programs like Leadership in Energy and Environmental Design (LEED). To obtain certification under such programs, the customer must allocate additional expense to acquire renewable materials, regional suppliers and increased levels of energy savings. The certification process also requires additional documentation and application to an independent industry expert team to achieve certification. These customers, through these additional expenses, show a higher level of commitment to achieve sustainability above the customer who merely purchases renewable energy.

Regarding the question to explain Westar's basis for requesting to have the Commission act on this Application "...at its earliest convenience, but in no event longer than thirty days is because, Westar feels that our requested changes will allow us an increased opportunity to attract new customers and also offer full benefit to recently acquired customers to our territory e.g., Mars Chocolate and Siemens are two recent companies to Kansas that have requested a program such as the one proposed.

2. a. Westar defines the term "commitment to sustainability energy initiatives" as programs that are recognized by the utility industry and government deployed by individual large commercial and industrial customers as having an elevated level of commitment to our environment, energy efficiency and renewable energy programs. An example of an existing program is the US Green Building Council LEED program. Westar notes that the definition of commitment to sustainability energy initiatives will evolve over time as additional or replacement programs are introduced.

(b) Westar will verify a participating customer's commitment to sustainability energy initiatives through their application to and recognition by the US Green Building Council process.

(c) A reduction to the Renewable Energy Charge will primarily will apply for customers that achieve LEED certification above Bronze. The discount will increase as the certification level progresses from Silver to Plantinum. Additionally a discount may be applicable for other yet unknown verifiable recognized commitments to sustainable energy initiatives. The use of the language - "may also consider" - is intended to allow for future programs that will most likely evolve similar to the LEED program. Also LEED levels may change or be added by the US Green Building Council as the energy industry and regulation moves to a greater focus on sustainable programs.

**Kansas Corporation Commission
Information Request**

Request No: **8**

Company Name

Docket Number 12-WSEE-652-TAR

Request Date March 30, 2012

Date Information Needed April 9, 2012

RE: Cost Basis for Renewable Energy Charge

Please Provide the Following:

- (a) Please, identify the name/source of the RECs Westar based its value of the Renewable Energy Charge on.
(b) What was the cost (quantitative value in dollar amounts) of those RECs [in 8.a above] and where did Westar obtain those quotes/figures (include source and date)?

Submitted By Andy Fry

Submitted To Dick Rohlf

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Dick F Rohlf

Date: _____

4-5-2012

**Kansas Corporation Commission
Information Request**

Request No: 9

Company Name
Docket Number 12-WSEE-652-TAR
Request Date March 30, 2012
Date Information Needed April 9, 2012

RE: Replicable, Equal Discounts under the Sustainable Program Option

Please Provide the Following:

(a) Is it Westar's intent to offer consistent reductions to the Renewable Energy Charge in a replicable, equal and fair manner?
(b) If so, would Westar be amenable to adding some sort of table describing the percent discount for each level of LEED certification? The following is an example and not based on any specific methodology:
LEED Certified Achieved by Participant Percent Reduction on Renewable Energy Charge
Silver 10%
Gold 20%
Platinum 30%

Submitted By Andy Fry

Submitted To Dick Rohlf

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: Dick Rohlf

Date: 4-5-2012

Responses to Data Request

Response to No. 6

The change in the Commercial revenue class between 2010 and 2011 data is primarily related to a Federal facility acquiring renewable energy.

Response to No. 7

- a. The aspect of the Renew tariff that makes it attractive to customers is that it is a voluntary program so that a participant can claim and state that a portion of their energy usage is derived from renewable resources greater than the portion associated with the inclusion of renewable energy in Westar's overall generation mix. Attached is an excerpt from docket No 08-WSEE-309-PRE directing Westar to file this voluntary tariff and the expression that the Commission believes such a tariff would be of benefit. Also attached are excerpts of the testimony of KIC witness Dittmer and CURB witness Crane both supporting the creation and filing of a voluntary program such as the RENEW tariff offers.
- b. This Renew tariff supports the further development of renewable energy as the renewable attribute created can not be used twice under the state's RPS standard.
- c. A participating customer can claim or state that portion of their energy usage is derived from renewable energy resources. The level of such claim is dependent on the level of participation in this voluntary program.

Response to No. 8

- a. and b. The REC price obtained prior to the filing of the RENEW tariff in 2009 was from a broker dealing in RECs. No record exists of the price received for the RECs just prior to filing the original application. Today a REC can be obtained through many brokers. We obtained a recent REC price quote for a Kansas REC at \$0.85 from Evolution Marketing broker an Over the Counter brokerage.

Response to No. 9

- a. Yes.
- b. Westar did not incorporate a scale because it believes that there will be new verifiable and recognized future programs that evolve over time similar to the LEED program. However, Westar internally was considering the following discount scale for LEED certification. Each step (Silver, Gold and Platinum) would receive a discount of 8% and that other sustainable initiatives would be eligible to receive a discount of 6%. Thereby a recognition by the state of Kansas or a community for a customer's sustainable energy efficiency initiatives without LEED is still able to receive a discount if the participate also is taking some service under the RENEW tariff or a customer with a LEED Silver certified program would receive a discount of 8 percent and if the customer has other sustainable initiatives it may warrant an additional discount of 6 percent for a total of 14 percent (8 from LEED and 0 to 6 for other initiatives).

Response to No. 10

- a. Yes
- b. The discount would be customer and location specific with the possible exception of sustainable energy initiatives. Here the demonstration should be within Westar's service territory or Kansas.
- c. Correct.

Response to No. 11

- a. See the attached file containing the annual energy usage of the participants to the RENEW tariff program by class of participants.
- b. The actual kWh output from Westar's Renewable Generation purchases or assets applied to the RENEW tariff for 2010 and 2011 is obtained by multiplying the number of blocks sold times 100 kWh per block as follows:

For 2010 - 8,383 RENEW blocks times 100 kWh = 838,300 kWh or 838 MWH

For 2011 - 38,915 RENEW blocks times 100 kWh = 3,891,500 kWh or 3,891 MWH

Also, see the attached file containing the Renewable Energy generated by Westar as recorded in Westar's GADs statistics and reports for 2009 and 2010. The 2011 GADs report will be filed with the Commission in the ACA docket as soon as it is available.

- c. No RECs were purchased to meet Westar's obligations under this tariff.
- d.
 1. Yes
 2. No.
 3. Westar does not understand this question.
 4. Westar does not envision the need to purchase RECs to meet its obligations under this program.

EXHIBIT 2

Andrew Fry

From: Dick.Rohlfis@westarenergy.com
Sent: Monday, May 07, 2012 12:37 PM
To: Elena Kanaeva-Larson
Cc: Andrew Fry; 'Michael.Heim@westarenergy.com'; Pat Renner
Subject: RE: 12-WSEE-652-TAR

Eleana,

First forgive my tardiness in responding to this e mail. I was copied on the e mail and it was late in getting on my radar to respond.

Below is one question from my testimony in docket no. 11-WSEE-377-PRE. Westar's request for predetermination that address your question - What renewable resources are costing. A more practical view is that to the extent that Westar has sufficient resources to meet its obligation under the RPS and this tariff and that Westar's renewable purchases have been predetermined by the Commission, then the additional cost necessary to meet the obligations of this voluntary program is zero. I think this practical view is more accurate because Westar currently has had and will have sufficient renewable resources to meet the obligations of both. Moreover, cost of REC that can be acquired to meet the obligation of the RENEW program is approximately 10% of the revenue that would be charged for this RENEW program. Therefore, if RECs were the source then the RENEW program reduces the total cost of renewable generation resources.

Q. what is your estimate of the impact of the proposed purchase on

Westar's retail customers?

A. The total cost of the purchase would be determined by subtracting the fuel savings from the purchase cost and adding in the costs associated with induced generation inefficiency. That total is \$24 million which is approximately 1.3 mills or 13 one-thousands of a cent per kWh - about a 1.7 % increase based on 2009 actual retail revenue.

If you have questions please feel free to contact me.

dick

From: Elena Kanaeva-Larson <e.larson@kcc.ks.gov>
To: "'Michael.Heim@westarenergy.com'"
<Michael.Heim@westarenergy.com>
Cc: Pat Renner <p.renner@kcc.ks.gov>, Andrew Fry
<a.fry@kcc.ks.gov>, "Dick.Rohlfs@westarenergy.com"
<Dick.Rohlfs@westarenergy.com>
Date: 04/24/2012 02:04 PM
Subject: RE: 12-WSEE-652-TAR

Mike,

If I understand correctly, energy utilized under this Renewable Energy Program rider is in addition to what the Company is using/counting to satisfy the RPS requirements. I am able to track how much annual revenue this RENEW rider is bringing in [Form 1/ACA], but I would like to also see what costs the Company is incurring. Is this doable somehow? Please note that I only want to see the latter (i.e. costs) that are attributable solely to maintaining this specific rider: for example, if a particular wind farm is used to produce an X amount of energy, but a part of it, Y, is used for compliance with the RPS, and the remainder (X-Y) to satisfy the Renewable Energy Program rider customers' requests, I only want to see the costs associated with producing (X-Y). Same goes for the PPAs: if it covers both RPS compliance and the requests for "green energy" under RENEW, I only want to see dollars spent to get the RENEW portion.

The reason for my request: I would like to see that the costs to maintain this tariff do not exceed the revenues it is bringing in. Currently, the tariff states that to satisfy the request for renewable energy under this tariff, the Company may (a) self-generate, or (b) purchase renewable energy, and/or (c) purchase RECs. Right now, there may be plenty to go around from just self-generation. But if Westar gets to the point where all of the "self-generated" renewable kWhs are used for Compliance with the RPS, I would expect the Company to opt out for solely purchasing RECs to satisfy the requests under the RENEW tariff...But if for some reason the Company instead would pursue to actually purchase renewable energy [PPA] and/or to self-procure additional renewable generation just to satisfy the RENEW customers request for renewable kWhs, the current RENEW rate of 1 cent/kWh might not be enough. Then, if the price is not raised, the rest of the customers (those not on this RENEW rider) could end up actually subsidizing the RENEW customers [reversing the current scenario where now, the RENEW customers are paying a premium price for the same "green generation mix" output that the rest of the customers are still getting by paying their regular, i.e. non-premium, rates).

Let me know your thoughts.

Sincerely,

-Elena

-----Original Message-----

From: Michael.Heim@westarenergy.com [<mailto:Michael.Heim@westarenergy.com>]
Sent: Wednesday, March 21, 2012 12:01 PM
To: Elena Kanaeva-Larson
Cc: Pat Renner
Subject: 12-WSEE-652-TAR

Elena

I think you're working on this filing as well. If not could you forward to the proper person.

It looks like there's a date that's wrong in the suspension order. I think the date in the 1st line on page two should be May 29 not March 29.

Mike Heim
Coordinator, Regulatory Affairs
Westar Energy
785-575-1793
(See attached file: 12-652_Suspension_Order[1].pdf)

EXHIBIT 3

Andrew Fry

From: Dick.Rohlfs@westarenergy.com
Sent: Wednesday, April 25, 2012 3:28 PM
To: Andrew Fry
Cc: Elena Kanaeva-Larson; Lana Ellis; Robert Glass
Subject: RE: 12-WSEE-652-TAR

Andrew,

Thanks for this. I have not done anything with the previous language you sent so this is timely. I plan on incorporating the language into the Rider next week because I would like to not confuse my secretary with this and the change from the 12-112 docket.

dick

From: Andrew Fry <a.fry@kcc.ks.gov>
To: "'Dick.Rohlfs@westarenergy.com'"
<Dick.Rohlfs@westarenergy.com>, "Elena Kanaeva-Larson"
<e.larson@kcc.ks.gov>
Cc: Lana Ellis <l.ellis@kcc.ks.gov>, Robert Glass
<r.glass@kcc.ks.gov>
Date: 04/25/2012 02:46 PM
Subject: RE: 12-WSEE-652-TAR

Dick,
Please disregard the previously sent language we'd suggested and utilize these recommendations. Please email or call with any questions. Thank you,

Andy Fry, EIT
Energy Engineer
Kansas Corporation Commission
(785)-271-3156

From: Andrew Fry
Sent: Friday, April 20, 2012 3:02 PM
To: 'Dick.Rohlfs@westarenergy.com'; Elena Kanaeva-Larson
Cc: Lana Ellis; Robert Glass
Subject: 12-WSEE-652-TAR

Dick attached is a file with some potential language similar to what we had discussed last week, when you came to meet with us about 12-WSEE-652-TAR.
Thanks,

Andy Fry, EIT
Energy Engineer
Kansas Corporation Commission
(785)-271-3156

[attachment "12-WSEE-652-TAR Tariff Revisions Final.doc" deleted by Dick F Rohlfs/WRI]

EXHIBIT 4

Index _____

THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial RENEW

Sheet 1

WESTAR RATE AREA

(Territory to which schedule is applicable)

which was filed April 18, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 6 Sheets

RENEWABLE ENERGY PROGRAM RIDER

AVAILABILITY

Renewable energy is available to customers participating in a voluntary renewable energy program offer by the Company. Service under this Rider is available to customers making a one-year commitment to participate in the Company's Renewable Energy Program after the term of each customer's initial term of enrollment in the Program, each such customer's commitment will extend for an additional year thereafter unless terminated by such customer or by the Company upon 30 days' notice prior to the end of the commitment period.

APPLICABLE

Applicable to any customer using electric service supplied at one point of delivery. Backup, breakdown, standby, supplemental, short term, resale, or shared electric services are not available under this rate schedule.

CHARACTER OF SERVICE

The Company agrees to generate or purchase energy from renewable sources and/or purchase renewable energy credits in an amount at least equal to the level of service purchased by participants in the Renewable Energy Program over the term of their commitment. Energy output from renewable sources will vary from month to month due to weather and other factors.

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Month Day Year

Effective _____
Month Day Year

By _____
Jeffrey L. Martin, Executive Director

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial RENEW

Sheet 3 _____

WESTAR RATE AREA

(Territory to which schedule is applicable)

which was filed April 18, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 3 of 6 Sheets

RENEWABLE ENERGY PROGRAM RIDER

SUSTAINABILITY PROGRAM OPTION

Available to customers taking service under the Medium General Service or High Load Factor rate schedules.

Customers electing to take a portion of their renewable energy under this Sustainability Program Option may receive a percentage of their monthly renewable energy usage from available Company provided renewable resources in 5 percent increments of their total monthly energy use. The monthly energy use will be rounded up to the nearest 100 kWh block for billing.

Additionally, the Company may consider will reducing the Renewable Energy Charge shown above for customers obtaining Silver, Gold, or Platinum LEED certification from the US Green Building Council. Company may also consider the reduction to the Renewable Energy Charge based on the customer's commitment to sustainable energy initiatives, plus the average load and energy use of the customer. The reduction to the standard Renewable Energy Charge shall not exceed 30% per block.

<u>Discount</u>	<u>Commitment to Sustainability</u>	<u>Percent discount on Renewable Energy Charge</u>
<u>A</u>	<u>Silver LEED Accreditation</u>	<u>8%</u>
<u>B</u>	<u>Gold LEED Accreditation</u>	<u>16%</u>
<u>C</u>	<u>Platinum Accreditation</u>	<u>24%</u>
<u>D</u>	<u>Other local or state sustainability initiatives</u>	<u>6%</u>

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial RENEW
Sheet 4

WESTAR RATE AREA

(Territory to which schedule is applicable)

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Sheet 4 of 6 Sheets

RENEWABLE ENERGY PROGRAM RIDER

Example: A building that is Gold Accredited and participates locally in a sustainability initiative could get a 22% discount (16%+6%=22%).

RENEWABLE ENERGY PROGRAM RIDER

DEFINITIONS AND CONDITIONS

- 1. Renewable Energy, as used in this rate schedule, shall mean electricity that is generated using technologies that is generated using Renewable energy resources as defined in K.S.A. 66-1257 (f)1-11. ~~have minimal impact on the environment. Sources of Renewable Energy include, but are not limited to, solar, wind, hydro, geothermal and biomass.~~
- 2. Renewable Energy and renewable energy credits utilized under the Renewable Energy Program Rider cannot be used by the Company to comply with the State's Renewable Energy Portfolio Standards, K.S.A. 2009 Supp. 66-1258, and amendments thereto, as well as the resulting Kansas Administrative Regulations.
- 2-3. A customer receiving service under this Renewable Energy Program Rider must agree to participate for a minimum of one year. Customer may subscribe for an amount of Renewable Energy up to its minimum usage level during the previous 12 months, rounded down to the nearest 100 kWh.
- 4. ~~3.~~ Renewable Energy shall be limited to the sum of (a) generation produced by Company-owned renewable sources, (b) outside renewable sources available to the

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SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial RENEW

Sheet 5 _____

WESTAR RATE AREA

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Sheet 5 of 6 Sheets

RENEWABLE ENERGY PROGRAM RIDER

Company and (c) renewable energy credits purchased by the Company. Service under this Renewable Energy Program Rider may be limited at the sole discretion of the Company to such available resources.

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial RENEW

Sheet 6

WESTAR RATE AREA

(Territory to which schedule is applicable)

which was filed April 18, 2012

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Sheet 6 of 6 Sheets

RENEWABLE ENERGY PROGRAM RIDER

4.5. Changes in the weather and other factors may result in less Renewable Energy being available to the Company than anticipated. If the Renewable Energy resources obtained by the Company for a program year are not sufficient to meet commitment levels, the Company will refund to each participating customer at the end of each program year an amount equal to \$0.01 per kWh multiplied by the difference between the customer's pro rata share of Renewable Energy resources obtained by the Company for such program year and the Renewable Energy the customer committed to purchase.

6. 5. Each customer's total annual usage shall be compared to their subscription level of renewable energy under this Rider on an annual basis. If a customer's actual annual usage is less than their subscribed amount, customer will receive a credit for the amount of renewable energy subscribed for but not consumed. The credit will be equal to \$0.01 per kWh multiplied by the difference between the actual energy usage and the customer's subscribed renewable energy.

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

SCHEDULE RENEW

(Name of Issuing Utility)

Replacing Schedule Initial Sheet 1

WESTAR RATE AREA

(Territory to which schedule is applicable)

which was filed _____

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Sheet 1 of 5 Sheets

RENEWABLE ENERGY PROGRAM RIDER

AVAILABILITY

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Jeffrey L. Martin, Executive Director

CERTIFICATE OF SERVICE

12-WSEE-652-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Notice of Filing of Staff Report and Recommendation was placed in the United States mail, postage prepaid, or hand-delivered this 30th day of July, 2012, to the following:

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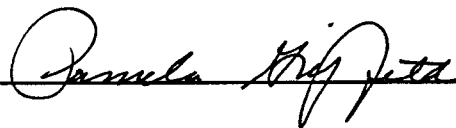
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CERTIFICATE OF SERVICE

12-WSEE-652-TAR

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