

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the General Investigation)
to Examine Issues Surrounding Rate) Docket No. 16-GIME-403-GIE
Design for Distributed Generation)
Customers)

POST-HEARING BRIEF OF THE
CITIZENS' UTILITY RATEPAYER BOARD

July 21, 2017

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COMES NOW, The Citizens' Utility Ratepayer Board (CURB) and respectfully submits its *Post-Hearing Brief* pertaining to the general investigation regarding the examination of various issues surrounding rate design for distributed generation (DG) customers.

I. INTRODUCTION

A. Position of the Citizens' Utility Ratepayer Board

1. This investigation has focused on a number of important issues related to DG rate design, and the policy decisions that emerge from this docket will have a lasting effect on the way in which rates will be set for DG customers moving forward. CURB has developed its position on DG rate design by taking into consideration the interests of both DG residential ratepayers and non-DG residential ratepayers. CURB did its best to balance those interests with the understanding that both groups fall within the residential ratepayer class that CURB is statutorily mandated to protect.¹ It is with that sober understanding that CURB presents its DG rate design and policy positions before the State Corporation Commission of the State of Kansas (Commission).

2. First, it is CURB's position that in order to design a cost-based DG tariff, a utility

¹ K.S.A. 66-1223.

must initially determine an appropriate revenue requirement target for the DG class.² CURB believes that it is unreasonable to assume as fact that the “appropriate target is simply the level of revenues that would otherwise be contributed by DG customers, if billed for an assumed class-average level of consumption on their default rate schedules. To do so would presume that the total net benefits of DG are zero.”³ CURB recommends that the Commission set the DG class revenue requirement at the net cost of providing generation, transmission, and distribution-related services to DG customers.⁴

3. Second, determination of the net cost of serving DG customers will require an extensive analysis. That analysis should include a cost-benefit analysis, in addition to a Class Cost of Service Study (CCOS).⁵ CURB recommends that the Commission require individual electric utilities to perform a cost-benefit analysis to determine the quantifiable net benefits of serving DG customers.⁶ In this regard, CURB recommends the inclusion of benefits that are direct, measurable, and cost-based.⁷

4. Third, CURB recommends that utilities serve DG customers on a separate DG rate schedule.⁸ “In the absence of a separate DG rate schedule, residential DG customers will be billed, by default, under the utility’s standard residential rate structure.”⁹ CURB’s position is that the standard two-part residential rate schedule may not adequately compensate the utility for fixed costs associated with the use of generation, transmission, distribution resources and

² Notice of Filing of CURB's Initial Comments, Comments of Brian Kalcic for the Citizens' Utility Ratepayer Board on Distributed Generation Rate Design Alternatives, p. 2 (March 17, 2017) (Initial Comments of Brian Kalcic).

³ *Id.* at p. 8.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ Notice of Filing of CURB's Initial Comments, Comments of Cary Catchpole for the Citizens' Utility Ratepayer Board on Distributed Generation Policy Matters, p. 13 (March 17, 2017) (Initial Comments of Cary Catchpole).

⁸ Reply Comments Of Brian Kalcic On Distributed Generation Rate Design Alternatives For The Citizens' Utility Ratepayer Board, p. 2 (May 5, 2017) (Reply Comments of Brian Kalcic).

⁹ Initial Comments of Brian Kalcic, p. 3.

services used by DG customers.¹⁰ This could “lead to revenue erosion for the utility and subsequent intra and interclass cost shifting among utility customers.”¹¹ To address these concerns CURB recommends the implementation of a separate rate schedule for DG customers.

5. Fourth, various rate design approaches are available to reduce the reliance on energy charges to recover the cost of serving DG customers.¹² Rather than impose a single DG rate design on all Kansas utilities, CURB recommends that the Commission provide individual utilities with rate design flexibility when implementing their DG tariffs in a rate proceeding.¹³ However, the utility would retain the burden of proving that its rate design is just and reasonable. CURB does not recommend one particular rate design over another.¹⁴ In the event that the Commission decides to approve a limited number of DG rate designs at the conclusion of this investigation, CURB only asks that the Commission “give due weight to the types of rate designs formally adopted in other jurisdictions, to help determine a just and reasonable rate structure for DG customers in Kansas.”¹⁵

6. Lastly, CURB was not a settling party to the Joint Motion to Approve Non-Uniform Stipulation and Agreement (S&A) filed by parties to this docket because CURB believes that it does not adequately address the necessity of conducting a utility specific cost-benefit analysis study, in addition to a CCOS, to determine the net cost of serving DG customers in Kansas.¹⁶ In the discussion below CURB will show why a cost-benefit analysis is essential in determining the appropriate net cost of serving DG customers. Moreover, CURB will explain why paragraph 13 in the S&A is preclusive and should not be included in a policy outcome

¹⁰ *Id.* at pp. 2-3.

¹¹ *Id.* at p. 4.

¹² *Id.* at pp. 4-6.

¹³ Testimony in Opposition to Non-Uniform Stipulation and Agreement of Brian Kalcic on Behalf of CURB, p. 4 (June 20, 2017) (Testimony in Opposition of Brian Kalcic).

¹⁴ *Id.*

¹⁵ Reply Comments of Brian Kalcic, p. 3.

¹⁶ Testimony in Opposition of Brian Kalcic, p. 3.

resulting from this docket.¹⁷

B. Procedural History

7. On September, 24, 2015, the Commission issued its Order approving Stipulation and Agreement in docket 15-WSEE-115-RTS (15-115).¹⁸ In its Order approving Stipulation and Agreement, the Commission concurred that a generic docket would be the appropriate method of “identifying and discussing issues related to distributed generation before a public utility implements distributed generation-specific rates in the public utility’s service territory.”¹⁹ The Commission directed Staff to file a Report and Recommendation outlining specific issues to discuss, research and evaluate in a manner consistent with the terms of the Stipulation and Agreement filed in docket 15-115.²⁰

8. On March 11, 2016, Commission Staff (Staff) filed its Motion to Open Docket to request a general investigation to examine various issues surrounding rate design for distributed generation (DG) customers.²¹ Staff attached its Report and Recommendation (R&R) which recommended that the “Commission open a generic docket to investigate rate design for distributed generation customers; to determine the appropriate rate structure for distributed generation customers by evaluating the costs and benefits of distributed generation, and to evaluate potential rate design alternatives for distributed generation customers.”²² In addition, Staff recommended that “any specific tariff changes as a result of the policy out of this generic docket be made by application in separate, utility-specific docket filings.”²³

9. On April 7, 2016, CURB filed its Petition to Intervene. CURB’s intervention in

¹⁷ Joint Motion to Approve Non-Unanimous Stipulation and Agreement (June 16, 2017).

¹⁸ Docket No. 15-WSEE-115-RTS, Order Approving Stipulation and Agreement (September 24, 2017).

¹⁹ *See id.* at ¶ 117.

²⁰ *See id.*

²¹ *See* Staff Motion to Open Docket (March 11, 2016).

²² *Id.* at ¶ 3.

²³ Staff Motion to Open Docket, Attached Report and Recommendation, p. 8.

this docket was approved by the Commission on July 14, 2016. The following parties also sought intervention in this proceeding:

Westar Energy, Inc. and Kansas Gas and Electric Company (Westar), Empire District Electric Company (Empire), Cromwell Environmental, Inc. (CEI), The Alliance for Solar Choice (TASC), Sunflower Electric Power Corporation (Sunflower), Mid-Kansas Electric Company, LLC (Mid-Kansas), Brightergy, LLC (Brightergy), Climate and Energy Project (CEP), Kansas Electric Cooperatives (KECs), International Brotherhood of Electrical Workers, Local Union No. 304 (IBEW), Southern Pioneer Electric Company (Southern Pioneer), Kansas City Power & Light Company (KCP&L), United Wind, Inc. (United Wind).

The Commission granted intervention, in this docket, to all of the above-named parties.

10. Westar filed a Response to Staff's Motion to Open Docket, along with its Motion to Intervene.²⁴ Westar took issue with the scope of the general investigation proposed by Staff.²⁵ More specifically, Westar argued that the consideration of any alleged potential benefits of DG would be inappropriate in this docket.²⁶ CEI responded to Westar, stating it supported Staff's recommendation to consider both costs and benefits of DG.²⁷ Likewise, TASC filed a response to Staff's Motion to Open Docket, requesting that the Commission accept the recommendations of Staff contained in its R&R.²⁸

11. On July 12, 2016, the Commission issued its Order Opening General Investigation.²⁹ The Commission recognized that "[w]hen determining rate structure the Commission has the discretion to consider the utility's quantifiable costs of providing service to

²⁴ Motion to Intervene and Response of Westar Energy, Inc. and Kansas Gas and Electric Company to Staff's Motion to Open Docket (March 24, 2016).

²⁵ *Id.* at ¶ 1.

²⁶ *Id.* at ¶ 5.

²⁷ Petition to Intervene of Cromwell Environmental, Inc., and Reply to Petition to Intervene and Response of Westar Energy, Inc., et al., ¶ 13 (April 7, 2016).

²⁸ The Alliance for Solar Choice's Petition to Intervene and Response to Staff's Motion to Open Docket, ¶ 10 (April 11, 2016).

²⁹ Order Opening General Investigation (Order) (July 12, 2016).

a customer class, such as DG customers.”³⁰ The Commission also recognized that “quantifiable benefits of DG may decrease the utility’s cost of providing service to DG customers.”³¹ The Commission determined that docket 16-GIME-403-GIE (16-403) is the appropriate docket for evaluating DG.³²

12. On February 16, 2017, the Commission issued an Order Setting Procedural Schedule.³³ On May 19, 2017, a Prehearing Officer Order Modifying Procedural Schedule (Order Modifying Procedural Schedule) was issued in response to a Joint Motion to Modify the Procedural Schedule filed on April 28, 2017.³⁴ The Order Modifying Procedural Schedule added a Settlement Conference on June 5, 2017 and rescheduled the June 5, 2017 Prehearing Conference to June 9, 2017.³⁵

13. Several parties to this docket filed Initial Comments on March 17, 2017. In addition, several parties to this docket filed Reply Comments on May 5, 2017. For the sake of brevity CURB will not reiterate each party’s particular positions as it relates to the DG policy issues in this docket.

14. On June 9, 2017, a Prehearing Conference was held. At the Prehearing Conference, CEP made an oral motion to reschedule the evidentiary hearing set for June 27-28, 2017. Parties also discussed the deadlines for filing settlement agreements, testimony in support or opposition of settlement agreements, a list of contested issues, and proposed order of witnesses. A Prehearing Officer Order (Prehearing Order) was issued on June 9, 2017, as a result of the issues raised in the Prehearing Conference. The Prehearing Order denied CEP’s Motion to

³⁰ *Id.* at ¶ 8.

³¹ *Id.*

³² *Id.*

³³ Order Setting Procedural Schedule (February 16, 2017).

³⁴ Prehearing Officer Order Modifying Procedural Schedule (May 19, 2017).

³⁵ *Id.* at Ordering Clause ¶ A.

reschedule the evidentiary hearing and set a deadline for filing settlement, contested issues, and proposed order of witnesses by June 16, 2017. The Prehearing Order also set a deadline of June 20, 2017 for filing testimony in support or opposition to a settlement agreement.³⁶

15. On June 16, 2017, Staff, Westar, KCP&L, Sunflower, Mid-Kansas, Southern Pioneer, KEC, Midwest Energy, Empire, Brightergy, United Wind and IBEW (collectively referred to herein as “Joint Movants”) filed an S&A.³⁷

16. On June 16, 2017, parties to this docket filed a List of Contested Issues.³⁸ In addition, parties to this docket filed an agreed-upon order of parties for opening statements, cross-examination, and order of witnesses to testify at the evidentiary hearing.³⁹

17. On June 20, 2017, CURB, Cromwell, and CEP filed testimony opposing the non-unanimous settlement agreement.⁴⁰ Joint Movants filed testimony supporting the non-unanimous settlement agreement.⁴¹

18. An evidentiary hearing on this matter was held before the Commission on June 27, 2017 through June 28, 2017.

³⁶ Prehearing Officer Order, Ordering Clause ¶¶ A-E.

³⁷ Joint Motion to Approve Non-Unanimous Stipulation and Agreement.

³⁸ See List of Contested Issues (June 16, 2017).

³⁹ Order of Parties and Witnesses for Evidentiary Hearing (June 16, 2017).

⁴⁰ See Testimony in Opposition to Non-Unanimous Stipulation and Agreement of Cary Catchpole on Behalf of CURB (June 20, 2017) (Testimony in Opposition of Cary Catchpole); Testimony in Opposition of Brian Kalcic; Testimony of the Climate and Energy Project Addressing Non-Unanimous Settlement (June 20, 2017); Testimony of Aron Cromwell in Opposition to Non-Unanimous Stipulation and Agreement (June 20, 2017).

⁴¹ Testimony of Jeff Martin in Support of Stipulation and Agreement Westar Energy, Inc. (June 20, 2017); Testimony in Support of Stipulation and Agreement Prepared by Richard J. Macke, Vice President, Economics, Rates and Business Planning Power System Engineering, Inc., on Behalf of Kansas Electric Cooperatives, Inc. and Southern Pioneer Electric Company (June 20, 2017); Testimony in Support of Non-Unanimous Stipulation and Agreement by Robert H. Glass, Ph.D filed on behalf of the Staff of the Kansas Corporation Commission (June 20, 2017); Testimony of Bradley D. Lutz (KCP&L) in Support of Non-Unanimous Stipulation and Agreement on Behalf of Kansas City Power & Light Company (June 20, 2017).

II. OUTLINE OF PERTINENT AUTHORITY

19. K.S.A. 66-101 grants the Commission broad authority over electric public utilities.⁴² Furthermore, “[t]he Commission, upon its own initiative, may investigate all schedules of rates and rules and regulations of electric public utilities.”⁴³

20. The Kansas Net Metering and Easy Connection Act and the Parallel Generation Act address the regulated price an electric public utility is to pay DG customers for energy produced in excess of the customer’s own consumption and is settled law.⁴⁴ However, the Kansas Legislature has not determined what compensation, if any, should be awarded to DG customers for any additional benefits such customers provide to an individual utility’s system. Likewise, the Commission has not determined what additional compensation, if any, should be awarded to DG customers.

21. The Commission has determined in prior dockets that it does not believe externalities should be considered when evaluating utility proposed energy efficiency programs.⁴⁵ In addition, the Commission has not relied historically on societal test results when evaluating energy efficiency programs proposed by the utilities.⁴⁶ The Commission does, however, deem a utility’s quantifiable costs of providing service to a customer class relevant to the rate setting process.⁴⁷ Likewise, the Commission “recognizes that quantifiable benefits may decrease the utility’s cost of providing service to DG customers.”⁴⁸

⁴² “The commission is given full power, authority and jurisdiction to supervise and control the electric public utilities, as defined in K.S.A. 66-101a, doing business in Kansas, and is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction.” K.S.A. 66-101.

⁴³ K.S.A. 66-101d.

⁴⁴ K.S.A. 66-1263, *et seq.*; K.S.A. 66-1,184.

⁴⁵ Docket No. 08-GIMX-442-GIV, Order Setting Energy Efficiency Policy Goals, Determining a Benefit-Cost Test Framework, and Engaging a Collaborative Process to Develop Benefit-Cost Test Technical Matters and an Evaluation, Measurement, and Verification Scheme, ¶ 36.

⁴⁶ *Id.*

⁴⁷ Order, ¶ 8.

⁴⁸ *Id.*

III. STATEMENT OF ISSUES

22. There were several contested issues presented at the hearing in this docket; however, CURB will address only the following issue in its Post-Hearing Brief:

- A. Whether a class cost-of-service study provides sufficient support for residential DG tariff changes?

IV. ARGUMENTS AND AUTHORITIES

A. **The Class Cost of Service Study does not provide sufficient support for the design of a residential DG tariff.**

23. It is CURB's position that a cost-benefit analysis should be undertaken by individual utilities, in conjunction with a CCOS, in order to develop a cost-based DG residential tariff. The CCOS, although necessary, does not provide sufficient support for the design of a residential DG tariff.⁴⁹ CURB witness Mr. Kalcic explained:

A cost-of service study provides an estimate of the cost of providing service to individual rate classes based on a utility's claimed revenue requirement. However, in order to determine the net cost of providing service to DG customers, one would need to adjust the results of a class cost-of-service study to reflect the quantifiable benefits of DG on an individual utility's system. Any such net benefits would need to be determined via a separate analysis and/or study of the costs and benefits (or value) of DG.⁵⁰

24. Joint Movants argue that any specific benefits of DG will already be accounted for in a CCOS. This argument fails. A CCOS classifies and allocates costs to various rate classes based on the utility's overall revenue requirement.⁵¹ A CCOS does not allocate to rate classes the costs that a utility does not incur, so there may be benefits to DG in the form of avoided generation, transmission, and distribution costs that are not going to be attributed to the DG class in the normal course of performing a CCOS.⁵² Determining the level of net benefits, if any,

⁴⁹ Testimony in Opposition of Brian Kalcic, p. 2.

⁵⁰ *Id.* at p. 3.

⁵¹ Initial Comments of Brian Kalcic, p. 3.

⁵² Transcript of the Hearing, Vol. 2, p. 281 (Tr. Vol. 2.)

provided by DG requires an analysis that is separate from a CCOS. Mr. Kalcic explained this at hearing in response to Commission questions:

Commissioner Emler: I just want to make sure I'm understanding what you said. Basically you're saying that any, any future class cost of service as relates to DG should include a cost benefit analysis or a benefit analysis?

Mr. Kalcic: To answer the question what are the net benefits of distributed generation on an electric utility system. It's a different question from what are the costs allocated to any class including a DG class upon executing a class cost of service study. Certainly different classes with different usage characteristics will receive a different portion, slice of the cost pie, but that claimed pie is determined before the utility executes its class cost of service study. In a sense, cost benefit analysis asks how big would that pie be before you start the cost of service study but for distribution generation on the system, would it be bigger. If it would be bigger, then having distributed generation on the system is benefiting ratepayers.⁵³

25. CEP witness, Mr. Gilliam, agrees with CURB's determination that an additional cost-benefit analysis is necessary in order to develop a cost-based DG residential tariff.⁵⁴ Similarly, Staff Witness Dr. Glass suggested in his initial comments that an additional analysis may also be necessary:

It is Staff's position, that by using time-varying rates for distributed generation customers, the Commission can forego some of the expensive benefit-cost studies needed to establish distributed generation rates because the data for estimating time-varying rates will be in the class cost of service studies filed in future rate cases.⁵⁵ (Emphasis Added)

From CURB's perspective, Staff does not dismiss the need or possible need for a cost-benefit analysis entirely. Staff only opposes the inclusion of externalities caused by DG customers in the event that a cost benefit analyses is necessary.⁵⁶

26. The National Association of Regulatory Utility Commissioners (NARUC) has

⁵³ *Id.* at pp. 283-284.

⁵⁴ *Id.* at pp. 429-430.

⁵⁵ Notice of Filing Staff's Verified Initial Comments, Verified Initial Comments of Commission Staff, pp. 4-5 (March 17, 2017).

⁵⁶ Notice of Filing Staff's Verified Reply Comments, Verified Reply Comments of Commission Staff, pp. 2-3 (May 5, 2017).

addressed this topic recently. The “*Distributed Energy Resources Rate Design and Compensation*” manual (NARUC Manual or Manual)⁵⁷ prepared by NARUC in February 2016, was developed to “assist Commissions in considering appropriate rate design and compensation policies for distributed energy resources (DER).”⁵⁸ DG falls within the broad category of DER, which also includes Energy Efficiency (EE).⁵⁹ The NARUC Manual confirms the need for an additional analysis, which if neglected, could “represent a lost opportunity to meet customer needs on a more cost-effective basis.”⁶⁰ Moreover, the NARUC Manual makes clear that “when using the traditional model for rate design, which does not compensate (or charge) particular customers for producing particular benefits (or costs) for the grid (except through DR of EE programs), a regulator would be missing that portion of the benefit analysis for DER.”⁶¹ To mitigate this issue the NARUC manual recommends that “[r]egardless of what direction regulators of any particular jurisdiction would like to take in the future, the acknowledgement and study of these benefits will be necessary.”⁶² Aside from NARUC’s recommendation to study additional DG benefits, it is important to point out that the NARUC manual did not specifically advise only the use of a CCOS for capturing all DG benefits.

27. It is important to note that the NARUC Manual outlines how to develop a process for instituting a cost-benefit analysis.⁶³ It is also important to note that several states have engaged in the process of valuing the benefits of DG. Texas, Austin Energy has a buy all/sell all

⁵⁷ The Commission took official notice of the NARUC Manual at the evidentiary hearing held on June 27-28, 2017. Motion of Kansas City Power & Light Company for Official Notice (November 11, 2017).

⁵⁸ NARUC Manual, p. 5.

⁵⁹ Initial Comments of Cary Catchpole, p. 3.

⁶⁰ NARUC Manual, p. 70.

⁶¹ *Id.*

⁶² *Id.* at p. 72.

⁶³ The NARUC Manual outlines the process in which a Commission can implement the Value of Resource method. *Id.* at pp. 133-139.

value of solar tariff.⁶⁴ Maine has presented a value of solar study to its legislature.⁶⁵ Minnesota has even gone as far as enacting a Value of Solar tariff:

Minnesota enacted the first Value of Solar tariff and identified a list of benefits to be measured or, in some cases, costs to be avoided: environmental costs, distribution capacity costs, transmission capacity costs, reserve capacity costs, generation capacity costs, variable utility plant operations and maintenance costs, fixed utility plant operations and maintenance costs, and fuel costs.⁶⁶

28. In this case, not only do costs associated with DG need to be accurately allocated to the DG class, but quantifiable benefits created by the DG class also need to be accurately allocated to that particular class. Thus, assuming *arguendo* that a CCOS does not accurately allocate quantifiable benefits created by the DG class to that class, cross-subsidization between the DG class and other classes would occur. In other words, the quantifiable benefits created by the DG class would be spread among other rate classes resulting in a calculated lower net cost of service to those rate classes than is actual.

29. It is CURB's position that the Commission reasonably can, and should, require its jurisdictional utilities to prove that their CCOS accurately allocates any quantifiable benefits and costs (net costs) created by DG to the DG rate class. CURB is not advocating for an overly broad value of solar study. CURB is simply advocating that all quantifiable benefits and costs created by residential DG customers should be taken into account in creating a rate structure. As Mr. Kalcic testified, since a CCOS does not take into account the quantifiable benefits created by the DG class, a CCOS by itself does not provide sufficient support for developing a residential DG tariff.

30. The settling parties acknowledge this potential CCOS short-fall, as they stipulate in paragraph 14 of the S&A that the Commission can require additional tests (which would

⁶⁴ *Id.* at p. 135.

⁶⁵ *Id.*

⁶⁶ *Id.* at p. 71.

include cost-benefit tests) in any rate case. If a CCOS were always to allocate all benefits created by the DG class to that class, there would simply be no reason to place paragraph 14 in the S&A. Importantly, even if the Commission determines that it wants a cost benefit study under paragraph 14, it could potentially become arduous to practically work that study into a rate case *after* it has been filed, given due process concerns and the statutory deadline for issuing rate case orders. By requiring utilities to conduct cost-benefit tests (measuring quantifiable benefits and costs) in advance of submitting their rate applications, these procedural issues would be avoided.

31. CURB believes that it would not be wise policy for the Commission to assume that a CCOS alone would provide for just and reasonable rates for the DG class. Indeed, since DG is in its nascent stages, CURB believes that it would be good policy, to require evidence that all quantifiable benefits and costs associated with DG are appropriately reflected in the CCOS. By requiring utilities to conduct cost-benefit tests, the Commission can see proof as to whether or not the CCOS accurately measures the quantifiable benefits and costs created by the DG class.

32. It is clear that DG customers are unique in that DG customers provide generation, on site, at different points on the distribution system, unlike traditional customers. It is also clear that DG customers may provide additional benefits that may not be captured in a CCOS. In order to properly develop a cost-based DG residential tariff, CURB respectfully recommends that the Commission require utilities to undertake a separate cost-benefit analysis, in addition to a CCOS, in their next general rate case, as a requirement for designing a DG residential tariff. This will ensure that DG customers are not only paying their fair share, but are being reasonably compensated for additional benefits they may be providing to the utility's system.

1. Paragraph 13 of the Non-Unanimous Stipulation and Agreement is preclusive, and would bind the Commission; therefore, as a policy consideration it should not be approved.

33. Paragraph 13 of the S&A that was filed in this docket reads:

Rates for private residential DG customers should be cost-based and any unquantifiable value of resource approach should not be considered when setting rates. A class cost of service study provides sufficient support for design of a residential private DG tariff (as identified above in paragraph 11), and no further study is necessary for the purpose of this docket.⁶⁷ (Emphasis Added)

CURB is concerned with the underlined language in paragraph 13 of the S&A that reads, “A class cost of service study provides sufficient support for design of a residential private DG tariff (as identified above in paragraph 11).”⁶⁸ CURB opposed the underlined phrase and requested it to be removed from the S&A. As described above, CURB maintains that a cost-benefit analysis is critical to better understanding the net value that DG offers to the total electric system. It is CURB’s position that, without this type of analysis, the Commission would be precluded from determining a conclusive and reasonable net DG value, which could negatively impact DG and non-DG customers in Kansas.

34. The world changes quickly. Technology is advancing rapidly, which includes advancements in solar and battery technology. Studies are becoming more and more advanced and may get better in terms of quantifying benefits. Looking forward, CURB believes that it is important for the Commission, CURB, Staff, and other intervenors to have flexibility in determining what analysis is appropriate for determining the costs and benefits of DG, now and in the future. To state today that a class cost of service is “all” that is required for supporting the design of a residential private DG tariff would, in CURB’s view, be preclusive and, unreasonable, and would not reflect the ever changing world we live in. In addition, CURB

⁶⁷ Joint Motion to Approve Non-Unanimous Stipulation and Agreement, ¶ 13 (June 16, 2017).

⁶⁸ *Id.*

believes the underlined language in paragraph 13 would set a policy that provides a disincentive for utilities or other parties to conduct additional analysis that may be beneficial in setting just and reasonable rates for the residential DG class.

35. At a minimum, CURB believes that a policy decision in this docket at this time should not preclude the determination of what is, or isn't, the most appropriate method for analyzing the cost and benefits of DG. Rather, with respect, CURB urges the Commission to delete paragraph 13 in its entirety, or remove the underlined language specified above, which would allow parties the flexibility to argue what analysis is or isn't appropriate at the time of a utility rate case. This would be similar to advocating why a particular cost allocation method is more appropriate, than another, when arguing which party's CCOS is the most reasonable in a rate case. At the time a utility files its next rate case, parties should have the flexibility to bring in a multitude of different analyses to prove why a particular rate design or cost allocation is more appropriate for the DG class. Paragraph 14 of the S&A stipulates that the Commission may require a cost-benefit analysis in connection with a rate case with a separate DG tariff. CURB is merely asking that parties to a rate proceeding not be precluded from arguing that such an analysis is appropriate.

36. A CCOS is necessary; however, it should not be the end all-be all. CURB views the language in paragraph 13 of the S&A to preclusively render the CCOS to be just that. In other words, if paragraph 13 in the S&A is adopted by the Commission it would only require parties to perform a CCOS in designing a residential DG rate, even if at some future time it becomes clear that an additional cost-benefit analysis should be required for setting a reasonable rate for the DG class. CURB is concerned that parties at that time will point to the language in paragraph 13, as precedent, and argue that the language in paragraph 13 clearly states that a

CCOS is all that is required precluding all arguments to the contrary as a matter of Commission policy. CURB does not want parties to a future rate proceeding, or the Commission, to be hampered by a prescriptive standard that may hinder the design of reasonable DG rates now and in the future.

V. CONCLUSION

37. As described above, CURB believes that the Commission should require individual electric utilities to perform a cost-benefit analysis, in addition to a CCOS, to determine the net benefits of serving DG customers. CURB does not believe that a CCOS provides adequate support in and of itself to formulate a just and reasonable rate for a separate DG residential class.

38. Although CURB believes that the Commission should require utilities to perform an additional cost benefit analysis, CURB respectfully asks that the Commission, at a minimum, not accept the language provided in paragraph 13 of the S&A as a matter of policy. CURB only asks that the Commission allow parties the flexibility to sponsor additional studies, if necessary, at the time of each individual utility's rate case. CURB thanks the Commission for the ability to be heard on these very important issues and is confident that the Commission will make policy decisions in this docket that are in the best interests of the Kansas ratepayers.

WHEREFORE CURB respectfully submits its *Post-Hearing Brief* and recommends that the Commission require individual electric utilities to perform a cost-benefit analysis, in addition to a CCOS, to determine the net benefits of serving DG customers. CURB also asks that the Commission reject paragraph 13 in the S&A, in its entirety, for purposes of setting DG policy in this docket.

Respectfully submitted,

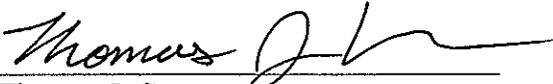


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VERIFICATION

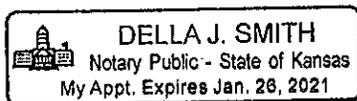
STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

I, Thomas J. Connors, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



Thomas J. Connors

SUBSCRIBED AND SWORN to before me this 21st day of July, 2017.





Notary Public

My Commission expires: 01-26-2021.

CERTIFICATE OF SERVICE

16-GIME-403-GIE

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 21st day of July, 2017, to the following parties:

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