

**Interconnection Standards for
Installation and Parallel Operation of
Customer-Owned Renewable
Electric Generation Facilities
25 kW_{AC} or Less for Residential Service and
200 kW_{AC} or Less for Commercial Service**

City of Oxford, Kansas

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PART 1. OVERVIEW

1. PURPOSE:

The purpose of this document is to establish standards for eligible residential and commercial customers (“Customer”) to interconnect and operate Customer-owned inverter-based solar and wind Generation Facilities with a rated output of 25 kilowatts AC (kW_{AC}) or less for residential service and 200 kilowatts AC (kW_{AC}) or less for commercial service in parallel with the City of Oxford (“Utility”) Electric Distribution System.

2. DEFINITIONS:

- a. **AC** – Alternating Current
- b. **Applicable Laws and Regulations** – All duly promulgated applicable federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, including the Ordinances, Regulations and Utility Rates of the City of Oxford.
- c. **City** – The City of Oxford, Kansas.
- d. **Customer** – a Residential or Commercial electric customer interconnected to the Electric Distribution System for the purpose of receiving retail electric service that also owns and operates an approved Generation Facility.
- e. **DC** – Direct Current
- f. **Electric Distribution System** – The Utility facilities and equipment used to provide electric service to customers, including the Customer.
- g. **Generation Facility** – For purposes of these Interconnection Standards, the Customer device for conversion of solar and wind energy to electricity, as identified in the Interconnection Application, that:
 - 1. Is an **inverter-based energy facility** with a rated capacity and output of 25 kW_{AC} or less for Residential Service and 200 kW_{AC} or less for Commercial Service when including any storage capabilities;
 - 2. Is owned by the Customer;
 - 3. Is located on the Customer’s premises;
 - 4. Serves only the Customer’s premises (serves no other customers);
 - 5. Is interconnected with and operates in parallel phase and synchronization with the Electric Distribution System and is in compliance with these Interconnection Standards;

6. Is sized primarily to offset part of the Customer's own electrical energy requirements;
7. Contains a Utility-approved mechanism(s) that automatically disconnects the Generation Facility and interrupts the flow of electricity to the Electric Distribution System in the event that electric service to the Customer is interrupted.
8. Meets all the following generating capacity limitations:
 - a. Generator annual energy generation shall not exceed Customer's annual energy requirements.
 - b. Customer's Generator Facility shall not exceed Customer's total energy usage in the previous 12-month period or 25 kW_{AC} for residential and 200 kW_{AC} for commercial, whichever is less. Generator size may be calculated in kW_{AC}, at the city's discretion, by taking the total kWh usage from the previous 12-month period, dividing it by 365 then multiplying it by 250 then further dividing it by 1000. Or may be calculated by using the customer's estimated average annual demand and shall be calculated by using said customer's historical annual energy usage in kWh divided by 8,760 hours and further dividing by 35% (.35) and multiplying it by 2.
 - c. Total Customer-owned generating capacity shall not exceed four percent (4%) of the previous year Utility peak demand. No Generation Facility shall be interconnected that would cause total Customer-owned Generation Facility capacity to exceed four percent (4%) of the previous year Utility peak demand.
- h. **Governmental Authority** – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Customer or any Affiliate thereof.
- i. **Harmonic Distortion** – Distortion of the normal AC sine wave typically caused by non-linear loads or inverters.
- j. **Initial Operation Date** – The date on which the Generation Facility is operating and is in compliance with the requirements of these Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25 kW_{AC} or Less for Residential Service and 200 kW_{AC} or less for Commercial Service as determined by the Utility.
- k. **Interconnection** – The physical connection of a Generation Facility to the Utility Electric Distribution System.

- l. **Interconnection Application** – The Customer request to interconnect a new Generation Facility, or to increase the capacity of, or make a material modification to the operating characteristics of an existing Generation Facility that is interconnected with the Electric Distribution System.
- m. **Interconnection Standards** – Interconnection Standards shall mean all provisions, forms and related documents described in the collective parts of these Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25 kW_{AC} or Less for residential service and 200 kW_{AC} or Less for Commercial Service, or successor document.
- n. **Metering Point** – The Utility electric meter as shown on the one-line diagram accompanying the Customer’s Interconnection Application.
- o. **Party** – Individually the Utility and the Customer; collectively the “Parties.”
- p. **Prudent Utility Practice** – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region by the electric utility industry.
- q. **Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement, efforts that are timely and consistent with Prudent Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.
- r. **Renewable Parallel Generation Residential Service rate schedule and Renewable Parallel Generation Commercial rate schedule for the City of Oxford. (See City Code Electric Rates 15-310 to 15-313).**
- s. **System Upgrades** – Additions, modifications, improvements, and upgrades to the Electric Distribution System or Customer service connection at or beyond the point of interconnection to facilitate interconnection of the Customer Generation Facility.
- t. **Utility** – City of Oxford, Kansas.
- u. **Voltage Flicker** – A variation of voltage sufficient in duration to allow visual observation of a change in electric light source intensity.

3. ELIGIBILITY:

- a. Must be a Residential or Commercial electric customer with a Customer-owned inverter-based renewable energy Generation Facility as defined herein that is interconnected behind the meter (connected to the customer side of the electric meter) and single-phase service at 60 Hertz at a nominal voltage of 120/240 volts or three-phase 120/208 or 277/480 volts furnished through a single bidirectional electric meter. Specific metering shall be at Utility discretion.
- b. Customer-Generator's utility account must be in good standing and in compliance with the City's electric rate schedules, Electric Utility Rules and Regulations, and these Interconnection Standards for Installation and Parallel Operation of Customer-Owned Residential and Commercial Renewable Energy Generation Facilities.
- c. A Generation Facility that is not a Renewable Energy Generation Facility as defined herein or if such facility has a rated output greater than 25 kW_{AC} for Residential Customer-Generators and 200 kW_{AC} for Commercial or Industrial Customer-Generators is subject to separate negotiation with the City and is not eligible to interconnect with the Electric Distribution System under these Interconnection Standards.
- d. For purposes of these Interconnection Standards, an eligible Generation Facility must:
 - (1) Be powered by a Renewable Energy Resource as defined in Kansas Statutes Annotated 66-1264 and amendments thereto;
 - (2) Be owned by the Customer-Generator;
 - (3) Be located on a premise(s) owned by the Customer-Generator;
 - (4) Serve only the Customer-Generator's premises (serve no other customers);
 - (5) Be interconnected with and operate in parallel phase and synchronization with the Electric Distribution System;
 - (6) Comply with these Interconnection Standards for Installation and Parallel Operation of Customer-Owned Residential, Commercial and Industrial Renewable Energy Generation Facilities;
 - (7) Be intended primarily to offset part or all the Customer-Generator's own electrical energy requirements;
 - (8) Contain a City-approved mechanism(s) that automatically disconnects the Generation Facility and interrupts the flow of electricity back onto the Electric Distribution System in the event that electric service to the Customer-Generator is interrupted.

(9) Meet all the following generator output limitations:

- a. For Residential Customer-Generators, 25 kW_{AC} or less;
- b. For Commercial Customer-Generators, 200 kW_{AC} or less;
- c. Be appropriately sized to the Customer-Generator's electric load as determined by the City;
- d. Total Customer-Owned generator rated output in kW_{AC} under the City's Parallel Generation Rate Rider shall not exceed four percent (4%) of the previous calendar year City electric system peak demand. No Generation Facility shall be interconnected that would cause the rated output of all Customer-Owned Generation Facilities under the Parallel Generation Rate Rider to exceed four percent (4%) of the previous calendar year electric system peak demand.

4. INTERCONNECTION REQUEST:

The Customer shall request interconnection of a Generation Facility by completing and submitting to the Utility the attached document entitled 'Interconnection Application'. The Utility may require additional information or clarification to evaluate the Customer Interconnection Request. Interconnection Applications will be reviewed by the Utility in the order in which they are received. If an Interconnection Application is viewed as incomplete, the Utility will provide notice to the Customer that the Application is not complete, provide a description of the information needed to complete the Application, and include a statement that processing of the Application cannot begin until the Application is complete.

5. ELECTRIC DISTRIBUTION SYSTEM IMPACT ANALYSIS:

The purpose of the Distribution System Impact Analysis is to determine if the Generation Facility will have an adverse impact on the Electric Distribution System equipment. **After receiving a properly completed Interconnection Application**, the Utility will analyze the potential impact of the proposed Generation Facility on the Electric Distribution System and on other Utility customers. Such analyses will be based on Prudent Utility Practice to determine thermal effects, voltage ranges, power quality, system stability, etc., and will include the following:

- a. The Customer Generation Facility's proposed interconnection point is on a radial distribution circuit and not a transmission line.
- b. The proposed Generation Facility complies with IEEE 1547 and UL 1741 or successor standards.
- c. The proposed Generation Facility's capacity in aggregation with other generation on the circuit shall not exceed 15 percent (15%) of the total circuit peak demand (kW) as most

recently measured at the substation during the previous 12-month period; nor shall it exceed 15 percent (15%) of a distribution circuit line section annual peak demand (kW).

- d. The proposed Generation Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 percent (10%) to the distribution circuit's maximum fault current at the point on the primary voltage distribution line nearest the proposed interconnection point.
- e. The proposed Generation Facility, in aggregation with other generation located on the distribution circuit, may not cause any distribution protective devices and equipment (including substation breakers, fuse cutouts, and line reclosers, or other customer equipment on the electric distribution system to be exposed to fault currents exceeding 85 percent (85%) of the short circuit interrupting capability.
- f. No additional Generation Facilities shall be interconnected on a circuit that equals or exceeds 85 percent (85%) of its short circuit interrupting capability.
- g. No Generation Facility shall be interconnected that would cause the total interconnected Customer-owned Generating Facility capacity to exceed four percent (4%) of the previous year Utility system peak demand.
- h. When a proposed Generation Facility is single-phase and is to be interconnected on a center tap neutral on a 240-volt service, its addition shall not create an imbalance between the two sides of the 240-volt service of more than 20 percent of the nameplate rating of the service transformer.
- i. The proposed Generation Facility installation must be certified to pass an applicable non-islanding test or use reverse power relays or other means to meet IEEE 1547 unintentional islanding requirements.
- j. A review of the type of electrical service provided to the Customer, including line configuration, and the transformer connection, will be conducted to limit the potential for creating over voltages on the Electric Distribution System due to a loss of ground during the operation time of any anti-islanding function.
- k. When the proposed Generation Facility is to be interconnected on a single-phase shared secondary line, the aggregate generation capacity on the shared secondary line, including the proposed Generation Facility, shall not exceed ten kilowatts (10 kW_{AC}).

6. SYSTEM UPGRADES:

The Utility shall not be obligated to make upgrades or improvements to its Electric Distribution System to accommodate the Customer's Generation Facility. Where System Upgrades are required prior to interconnection of the Generation Facility as identified in the System Impact Study, the Utility will provide the Customer with an estimated schedule and the Customer's cost for said System Upgrades.

7. INTERCONNECTION AGREEMENT:

After the Customer and the Utility have identified and mutually agreed on the project scope including the Generation Facility, System Upgrades, and estimated costs (if any), the Customer and the Utility shall execute the attached document entitled "Interconnection Agreement." The Interconnection Agreement shall be between the Utility and the Customer and shall not include third parties. Prior to commencement of System Upgrades required to allow interconnection of the Customer-owned Generation Facility, Customer shall deposit with the Utility an amount equal to the estimated cost of said System Upgrades. See "Section 4. Interconnection Costs" of the Interconnection Agreement (Part 4) for additional information.

8. CODES AND PERMITS:

- a. The Customer shall be responsible for procuring all building, operating, environmental or other permits for the Generation Facility and for the necessary ancillary structures to be installed that are required by any Governmental Authority having jurisdiction.
- b. The Generation Facility and interconnecting equipment shall meet all requirements in "Part 2. Technical Requirements" of these Interconnection Standards.
- c. The construction and facilities shall meet all applicable building and electrical codes.

9. CERTIFICATE OF COMPLETION:

Upon completion of the Generation Facility and prior to the Initial Operation Date of said Facility, the Customer shall complete and submit a signed copy of the attached document entitled "Certificate of Completion."

10. NORMAL OPERATION:

The Customer may begin initial operation of the Generation Facility upon receipt of written approval from the Utility.

PART 2. TECHNICAL REQUIREMENTS

1. CHARACTER OF SERVICE:

The electric service shall be 60 cycles per second (60 Hertz) alternating current (AC) at supply voltages and single phase under the Residential rate schedule that would apply if the Customer did not have an interconnected Generation Facility.

2. CODE REQUIREMENTS:

The Generation Facility shall meet all requirements established by the National Electrical Code (NEC), National Electrical Safety Code (NESC), Institute of Electrical and Electronics Engineers (IEEE), Underwriters Laboratories (UL), and the Occupational Safety and Health Administration. Specific applicable codes are shown in Section 9 of this Part 2 below as Standards for Interconnection, Safety and Operating Reliability.” In addition, manufacturer’s ownership, operation and maintenance manuals or documents and applicable equipment settings shall be provided to the Utility with the Interconnection Application. The Utility shall review said manuals or documents as part of the Interconnection Application review process.

3. GENERATION FACILITY CONTROL:

The control system of the Generation Facility shall comply with IEEE and UL specifications and standards for parallel operation with the Electric Distribution System and in particular as follows:

- a. Power output control system shall automatically disconnect from the Electric Distribution System upon loss of System voltage and shall not reconnect until System voltage has been restored.
- b. Power output control system shall automatically disconnect from the Electric Distribution System if System voltage fluctuates beyond plus or minus ten percent (10%).
- c. Power output control system shall automatically disconnect from the Electric Distribution System if the generator fails to operate within the operating frequency range of 59.3 – 60.5 Hz.
- d. Inverter output Harmonic Distortion shall meet IEEE and UL standards.
- e. The Generation Facility shall meet applicable IEEE and UL standards concerning impacts to the Electric Distribution System with regard to Harmonic Distortion, Voltage Flicker, power factor, direct current injection, and electromagnetic interference.

4. LIMITS SPECIFIC TO SINGLE-PHASE GENERATION FACILITIES:

When connected to a single-phase transformer, the Generation Facility must be installed such that the aggregated gross output is balanced between the two phases of the single-phase voltage and the maximum aggregated Gross Ratings for all the Generating Facilities shall not exceed the transformer rating.

4.1 LIMITS SPECIFIC TO THREE-PHASE GENERATION FACILITIES:

The applicant must balance the demand load and the Generation Facility as nearly as practical between the two sides of a three-wire single phase service and between all phases of a three-phase service. The difference in amperes between any two phases at the customer's peak load should not be greater than 10 percent or 50 amperes (at the service delivery voltage), whichever is greater; except that the difference between the load on the lighting phase of a four-wire delta service and the load on the power phase may be more than these limits. It will be the responsibility of the customer to keep the demand load balanced within these limits.

5. SYSTEM PROTECTION:

The owner of the customer owned generator is responsible for providing adequate protection to electric Utility facilities for conditions arising from the operation of generation under all Utility distribution system operating conditions. The owner is also responsible for providing adequate protection to its facility under any Utility distribution system operating condition whether or not its customer owned generator is in operation. Conditions may include but are not limited to:

- a. Loss of a single phase of supply.
- b. Distribution system faults,
- c. Equipment failures,
- d. Abnormal voltage or frequency,
- e. Lightning and switching surges,
- f. Excessive harmonic voltages,
- g. Excessive negative sequence voltages,
- h. Separation from supply,
- i. Synchronizing generation,
- j. Re-synchronizing the Owner's generation after electric restoration of the supply.

6. FAULT CURRENT DISCONNECTION:

The Generation Facility shall be equipped with protective equipment designed to automatically disconnect from the Electric Distribution System during fault current conditions and remain disconnected until System voltage and frequency have stabilized.

7. RECLOSING COORDINATION:

The Generation Facility shall be coordinated with Electric Distribution System reclosing devices by disconnecting from the Electric Distribution System during de-energized Electric Distribution System operation. The Generation Facility shall remain disconnected until Customer is notified by Utility representatives that it is safe to reconnect the Generation Facility.

8. EXTERNAL GENERATOR AC DISCONNECT SWITCH AND GENERATOR METER:

The Customer shall install an external alternating current (AC) disconnect switch within six (6) feet of the Utility electric meter(s) that is visible and readily accessible to Utility representatives at all times. This switch shall be clearly labeled as "Generator AC Disconnect Switch". The switch shall be capable of being locked in an open position and shall prevent the Generation Facility from supplying power to the Electric Distribution System while in the open position. The customer shall, at no cost to the city, install city approved equipment capable of receiving a city provided electric meter ahead of the above generator disconnect to meter generator output for means of billing, monitoring and system impact studies.

9. STANDARDS FOR INTERCONNECTION, SAFETY AND OPERATING RELIABILITY:

The interconnection of a Generation Facility and associated equipment to the Electric Distribution System shall meet the applicable provisions of the following publications or successor standards:

- a. ANSI/IEEE1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity). The following standards shall be used as guidance in applying IEEE 1547:
 1. IEEE Standard 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems
 2. IEC/TR3 61000-3-7 Assessment of emission limits for fluctuating loads in MV and HV power systems
- b. UL 1741 Standard for Inverters, Converters and Controllers for Use in Independent Power Systems
- c. ANSI/NFPA 70 (2008), National Electrical Code
- d. OSHA (29 CFR § 1910.269)
- e. IEEE Standard 929-2000, *IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems*

- f. IEEE Standard C37.90.1-1989 (R1994), *IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems*
- g. IEEE Standard C37.90.2 (1995), *IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers*
- h. IEEE Standard C37.108-1989 (R2002), *IEEE Guide for the Protection of Network Transformers*
- i. IEEE Standard C57.12.44-2000, *IEEE Standard Requirements for Secondary Network Protectors*
- j. IEEE Standard C62.41.2-2002, *IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits*
- k. IEEE Standard C62.45-1992 (R2002), *IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits*
- l. IEEE Standard 100-2000, *IEEE Standard Dictionary of Electrical and Electronic Terms*
- m. ANSI C84.1-1995 *Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)*
- n. NEMA MG 1-1998, *Motors and Generators*, Revision 3
- o. IEEE Standard 2030.2, *Guide for the Interoperability of Energy Storage Systems Integrated with the Electric Power Infrastructure (Including use of IEEE 2030.3 testing protocols to establish conformity)*.

10. ACCESS AND INSPECTION BY UTILITY:

Customer shall provide the Utility reasonable opportunity to inspect the Generation Facility prior to its interconnection and Initial Operation Date and to witness initial testing and commissioning of the Generation Facility. The Utility may witness any commissioning tests required by IEEE 1547/UL 1741.

Following initial testing and inspection of the Generation Facility and upon reasonable advance notice to Customer, the Utility shall have access at all reasonable times to the Generation Facility to perform on-site inspections to verify that the installation, maintenance, and operation of the Generation Facility complies with the requirements of these Interconnection Standards. The Utility cost of such inspection(s) shall be at Utility expense; however, the Utility shall not be responsible for any cost Customer may incur as a result of such inspection(s). Upon written request, Customer shall inform the Utility of the next scheduled maintenance and allow the Utility to witness the maintenance program and any associated testing. The Utility shall at all times have immediate access to the external Generator AC Disconnect Switch to isolate the Generation Facility from the Electric Distribution System

11. GENERATION FACILITY OPERATION:

- a. Customer shall install, operate, and maintain, at Customer's sole cost and expense, the Generation Facility in accordance with the manufacturer's suggested practices for safe,

efficient, and reliable operation of the Generation Facility in parallel with the Electric Distribution System. Customer shall bear full responsibility for the installation, maintenance, and safe operation of the Generation Facility. Upon request from the Utility, Customer shall supply copies of periodic test reports or inspection logs, which will at a minimum be requested annually.

- b. Customer shall be responsible for protecting, at Customer's sole cost and expense, the Generation Facility from any condition or disturbance on the Electric Distribution System, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges.
- c. Customer agrees that, without prior written permission from the Utility, no changes shall be made to the configuration of the Generation Facility as approved by the Utility, and no relay or other control or protection settings shall be set, reset, adjusted, or tampered with, except to the extent necessary to verify that the Generation Facility complies with Utility-approved settings.
- d. Customer shall operate the Generation Facility in such a manner as not to cause undue voltage fluctuations, power quality issues, intermittent load fluctuation characteristics or to otherwise interfere with the operation of the Electric Distribution System. At all times when the Generation Facility is operated in parallel with the Electric Distribution System, Customer shall operate said Generation Facility in such a manner that no disturbance will be produced thereby to the service rendered by the Utility to any of its other customers or to any electric system interconnected with the Electric Distribution System. Customer understands and agrees that the interconnection and operation of the Generation Facility pursuant to these Interconnection Standards is secondary to, and shall not reduce the safety, quality, or reliability of electric service provided by the Utility.
- e. Customer's control equipment for the Generation Facility shall immediately, completely, and automatically disconnect and isolate the Generation Facility from the Electric Distribution System in the event of a fault on the Electric Distribution System, a fault on Customer's electric system, or loss of a source or sources on the Electric Distribution System. The automatic disconnecting device included in such control equipment shall not be capable of reclosing until after service is restored on the Electric Distribution System. Additionally, if the fault is on Customer's electric system, such automatic disconnecting device shall not be reclosed until after the fault is isolated from the Customer's electric system.
- f. The City shall be notified before any changes are made to the generation facility that occurs after the final approval of interconnection and has the right to no longer allow interconnection if the changes do not meet the qualifications of these standards.

12. RIGHT TO DISCONNECT GENERATION FACILITY:

The Utility shall have the right and authority to disconnect and isolate the Generation Facility without notice, at Utility's sole discretion if the Utility believes that any of the following has occurred or is occurring:

- a. Electric service to Customer's premises is discontinued for any reason;
- b. Adverse electrical effects (such as power quality problems) on the Electric Distribution System and/or the electrical equipment of other Utility customers attributed to the Generation Facility as determined by the Utility;
- c. Electric Distribution System emergencies or maintenance requirements;
- d. Hazardous conditions existing on the Electric Distribution System as a result of the operation of the Generation Facility or protective equipment;
- e. Failure of the Customer to obtain and maintain required insurance and to provide the Utility with proof of insurance within ten (10) days of request;
- f. Utility identification of uninspected or unapproved equipment or modifications to the Generation Facility after initial approval;
- g. Recurring abnormal operation, substandard operation, or inadequate maintenance of the Generation Facility;
- h. Noncompliance with the obligations under the Interconnection Agreement. In non-emergency situations, the Utility shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to disconnecting and isolating the Generation Facility;
- i. Failure to remit payment to the Utility for any amounts owed, including but not limited to, amounts invoiced pursuant to Paragraph 15 of this Agreement;
- j. In the event that the Utility disconnects the Generation Facility for routine maintenance, the Utility shall make reasonable efforts to reconnect the Generation Facility as soon as practicable;
- k. The Customer retains the option to temporarily disconnect its Generation Facility from the Electric Distribution System at any time. Such temporary disconnection shall not constitute termination of the Interconnection Agreement unless the Customer exercises its termination rights under Section 16 of Part 2.

13. RATES AND OTHER CHARGES:

- a. Customer must participate in the Renewable Parallel Generation - Residential Service rate schedule or Renewable Generation - Commercial Service rate schedule as a condition of interconnecting a customer-owned Generating Facility **(See City Code Electric Rates 15-310 to 15-313).**

- b. Customer must complete and submit to the Utility the Renewable Energy Parallel Generation Application for Service in Part 7. The Utility shall not approve a Customer-owned Generation Facility Interconnection Application that does not include a completed Renewable Energy Parallel Generation Application for Service.
- c. Terms and conditions of service are contained in the Renewable Parallel Generation – Residential Service rate schedule, Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25 kW_{AC} or Less for Residential service and 200 kW_{AC} or Less for Commercial service.
- d. Customer must participate in the electric Utility's Renewable Parallel Generation – Residential Service rate schedule or Renewable Parallel Generation – Commercial Service Rate Schedule if the customer wishes to receive credit for any excess energy generated by the customer and delivered to the Utility.

14. INSURANCE:

Customer shall at its own expense obtain and continuously maintain bodily injury, property damage liability and general liability insurance, without any exclusion for liabilities related to the interconnection undertaken pursuant to the Interconnection Agreement. The amount of such insurance shall be a minimum of \$100,000 to insure against all reasonably foreseeable liabilities and risks related to the Generation Facility, the ownership and operation of such Generation Facility, and the interconnection itself. Such insurance must be obtained from an insurance provider authorized to do business in the State of Kansas. Customer shall provide proof of insurance to the Utility not later than ten (10) days prior to the commercial operation date of the Generation Facility. Utility shall not interconnect the Generation Facility absent submission by the Customer of proof of insurance in accordance with these Interconnection Standards. Thereafter Customer shall provide proof of insurance to the Utility within ten (10) days of such request by the Utility. Utility receipt of proof of insurance does not imply an endorsement of the terms and conditions of said coverage. Customer shall promptly notify the Utility whenever an accident or incident occurs resulting in injuries or damages that are included within the scope of coverage of such insurance, regardless if the Customer intends to submit a claim under such policy. The customer shall present proof of insurance every year within 30 days after the anniversary of the customer's receipt of approval and authorization to energize the Generation Facility in order to recertify the facility's generation and interconnection for the following year.

15. LIMITATION OF LIABILITY AND INDEMNIFICATION:

a. Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees and court fees, relating to or arising from any act or omission in its performance of the Interconnection Agreement, shall be limited to the amount of direct

damage actually incurred. In no event shall the Utility or the City of Oxford be liable for any indirect, special, consequential, or punitive damages.

b. Indemnity

Customer assumes all liability for, and shall indemnify, defend and hold the Utility and the City of Oxford harmless from, any and all claims, losses, costs, and expenses of any kind or character, direct or indirect, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, labor costs, and all other obligations by or to third parties arising out of or resulting from the design, construction, operation or maintenance of the Generation Facility, or the Customer's actions or omissions in breach of its obligations under the Interconnection Agreement. Such indemnity shall include, but is not limited to, financial responsibility for: (a) Utility monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third party; (c) damages related to the death or injury of a third party; (d) damages to Utility property; (e) damages to the property of a third party; (f) damages for the disruption of the business of a third party. The limitations of liability provided in this paragraph do not apply in cases of gross negligence or intentional wrongdoing. If the Utility or the City of Oxford incurs any costs as to which the indemnity provided in this section b. applies, the Utility or City of Oxford shall invoice the Customer for such costs in writing. Customer shall remit payment to the Utility or the City of Oxford, as appropriate, within 45 calendar days of the date of such invoice.

16. EFFECTIVE TERM AND TERMINATION RIGHTS:

The Interconnection Agreement shall become effective when executed by both Parties and shall continue in effect until terminated in accordance with the provisions of this Section. The Interconnection Agreement may be terminated for the following reasons:

- a. Electric service to Customer's premises is discontinued for any reason. If electric service is disconnected for any reason or a change occurs in the account holder, a new Interconnection Application must be submitted to the electric Utility for consideration;
- b. Customer may terminate the Interconnection Agreement at any time by giving the Utility at least sixty (60) days prior written notice stating Customer's intent to terminate the Agreement at the expiration of such notice period;
- c. the Utility may terminate the Interconnection Agreement at any time following Customer's failure to generate energy from the Generation Facility in parallel with the Electric Distribution System by the later of two (2) years from the date of execution of the Interconnection Agreement or during any twelve (12) month period following completion of the interconnection provided for by the Agreement;
- d. the Utility may terminate the Interconnection Agreement at any time by giving Customer at least sixty (60) days prior written notice in the event the Customer generates and delivers to the Utility more energy than Customer consumes within a calendar year for two consecutive years or more;

- e. either Party may terminate the Interconnection Agreement at any time by giving the other Party at least sixty (60) days prior written notice that the other Party is in default of any of the material terms and conditions of the Interconnection Agreement or these Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25 kW_{AC} or Less for Residential service and 200 kW_{AC} or less for Commercial service, so long as the notice specifies the basis for termination and there is reasonable opportunity for the Party in default to cure the default; or
- f. The Utility may terminate the Interconnection Agreement at any time by giving Customer at least sixty (60) days prior written notice in the event that there is a change in an applicable rule or statute affecting the Agreement.

Upon termination of the Interconnection Agreement, Customer's Generation Facility shall be permanently disconnected from the Electric Distribution System.

Termination of the Interconnection Agreement shall not relieve either party of its liabilities and obligations, owed or continuing at the time of said termination.

17. TERMINATION OF ANY APPLICABLE PRIOR AGREEMENT:

From and after the date when service commences under the Interconnection Agreement, the Agreement shall supersede any oral and/or written agreement or understanding between the Utility and Customer concerning the interconnection service covered by the Agreement. Any such prior agreement or understanding shall be deemed to be terminated as of the date interconnection service commences under the Interconnection Agreement.

18. FORCE MAJEURE:

For purposes of the Interconnection Agreement, the term "Force Majeure" means any cause or event not reasonably within the control of the Party claiming Force Majeure, including, but not limited to, the following: acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or permits or the absence of the necessary orders or permits of any kind which have been properly applied for from the government of the United States, the State of Kansas, any political subdivision or municipal subdivision or any of their departments, agencies or officials, or any civil or military authority; unavailability of a fuel or resource used in connection with the generation of electricity; extraordinary delay in transportation; unforeseen soil conditions; equipment, material, supplies, labor or machinery shortages; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; drought; arrest; war; civil disturbances; explosions; breakage or accident to machinery, transmission lines, pipes or canals; partial or entire failure of utilities; breach of contract by any supplier, contractor, subcontractor, laborer or materialman; sabotage; injunction; blight; famine; blockade; or quarantine. A Force Majeure event does not include an act of negligence or intentional wrongdoing.

If either Party is rendered wholly or partially unable to perform its obligations under the Interconnection Agreement because of Force Majeure, both Parties shall be excused from whatever obligations under the Agreement are affected by the Force Majeure (other than the obligation to pay money) and shall not be liable or responsible for any delay in the performance of, or the inability to perform, any such obligations for so long as the Force Majeure continues. The Party suffering an occurrence of Force Majeure shall, as soon as is reasonably possible after such occurrence, give the other Party written notice describing the particulars of the occurrence and shall use reasonable efforts to remedy its inability to perform; provided, however, that the settlement of any strike, walkout, lockout, or other labor dispute shall be entirely within the discretion of the Party involved in such labor dispute.

KANSAS STATUTES ANNOTATED

Chapter 66.—PUBLIC UTILITIES

Article 1. — POWERS OF STATE CORPORATION COMMISSION

66-1,184. Contracts for parallel generation services between electric utilities and their customers; terms and conditions; duties of customer; renewable generation by certain community colleges, requirements, financing; generation included in state's energy generation by wind power.

(a) Except as provided in subsection (b), every public utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, upon request of such customer, whereby such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the public utility's system or equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation on such customer's monthly bill for energy supplied to the utility by such customer.

(b) (1) For purposes of this subsection:

(A) "Utility" means an electric public utility, as defined by K.S.A. 66-101a, and amendments thereto, any cooperative, as defined by K.S.A. 17-4603, and amendments thereto, or a nonstock member-owned electric cooperative corporation incorporated in this state, or a municipally owned or operated electric utility;

(B) "school" means Cloud county community college and Dodge City community college.

(2) Every utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, if such customer is a residential customer of the utility and owns a renewable generator with a capacity of 25 kilowatts or less, or is a commercial customer of the utility and owns a renewable generator with a capacity of 200 kilowatts or less or is a school and owns a renewable generator with a capacity of 1.5 megawatts or less. Such generator shall be appropriately sized for such customer's anticipated electric load. A commercial customer who uses the operation of a renewable generator in connection with irrigation pumps shall not request more than 10 irrigation pumps connected to renewable generators be attached or connected to the utility's system. At the customer's delivery point on the customer's side of the retail meter such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the utility's system or equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation for energy supplied to the utility by such customer. Such compensation shall be not less than 100% of the utility's monthly system average cost of energy per kilowatt hour except that in the case of renewable generators with a capacity of 200 kilowatts or less, such compensation shall be not less than 150% of the utility's monthly system average cost of energy per kilowatt hour. A utility may credit such compensation to the customer's account or pay such compensation to the customer at least

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annually or when the total compensation due equals \$25 or more.

(3) A customer-generator of any investor owned utility shall have the option of entering into a contract pursuant to this subsection (b) or utilizing the net metering and easy connection act. The customer-generator shall exercise the option in writing, filed with the utility.

(c) The following terms and conditions shall apply to contracts entered into under subsection (a) or (b):

(1) The utility will supply, own, and maintain all necessary meters and associated equipment utilized for billing. In addition, and for the purposes of monitoring customer generation and load, the utility may install at its expense, load research metering. The customer shall supply, at no expense to the utility, a suitable location for meters and associated equipment used for billing and for load research;

(2) for the purposes of insuring the safety and quality of utility system power, the utility shall have the right to require the customer, at certain times and as electrical operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the customer's facility of which the generating facility is a part;

(3) the customer shall furnish, install, operate, and maintain in good order and repair and without cost to the utility, such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by the utility as being required as suitable for the operation of the generator in parallel with the utility's system. In any case where the customer and the utility cannot agree to terms and conditions of any such contract, the state corporation commission shall establish the terms and conditions for such contract. In addition, the utility may install, own, and maintain a disconnecting device located near the electric meter or meters. Interconnection facilities between the customer's and the utility's equipment shall be accessible at all reasonable times to utility personnel. Upon notification by the customer of the customer's intent to construct and install parallel generation, the utility shall provide the customer a written estimate of all costs that will be incurred by the utility and billed to the customer to accommodate the interconnection. The customer may be required to reimburse the utility for any equipment or facilities required as a result of the installation by the customer of generation in parallel with the utility's service. The customer shall notify the utility prior to the initial energizing and start-up testing of the customer-owned generator, and the utility shall have the right to have a representative present at such test;

(4) the utility may require a special agreement for conditions related to technical and safety aspects of parallel generation; and

(5) the utility may limit the number and size of renewable generators to be connected to the utility's system due to the capacity of the distribution line to which such renewable generator will be connected, and in no case shall the utility be obligated to purchase an amount greater than 4% of such utility's peak power requirements.

(d) Service under any contract entered into under subsection (a) or (b) shall be subject to either the utility's rules and regulations on file with the state corporation commission, which shall include a standard interconnection process and requirements for such utility's system, or the current federal energy regulatory commission interconnection procedures and regulations.

(e) In any case where the owner of the renewable generator and the utility cannot agree to terms and conditions of any contract provided for by this section, the state corporation commission shall

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establish the terms and conditions for such contract.

(f) The governing body of any school desiring to proceed under this section shall, prior to taking any action permitted by this section, make a finding that either: (1) Net energy cost savings will accrue to the school from such renewable generation over a 20-year period; or (2) that such renewable generation is a science project being conducted for educational purposes and that such project may not recoup the expenses of the project through energy cost savings. Any school proceeding under this section may contract or enter into a finance, pledge, loan, or lease-purchase agreement with the Kansas development finance authority as a means of financing the cost of such renewable generation.

(g) Each kilowatt of nameplate capacity of the parallel generation of electricity provided for in this section shall count as 1.10 kilowatts toward the compliance of the affected utility, as defined in K.S.A. 2017 Supp. 66-1257, and amendments thereto, and with whom the customer-generator has contracted, with the renewable energy standards act in K.S.A. 2017 Supp. 66-1256 through 66-1262, and amendments thereto.

(h) The provisions of the net metering and easy connection act shall not preclude the state corporation commission from approving net metering tariffs upon request of an electric utility for other methods of renewable generation not prescribed in subsection (b)(1) of K.S.A. 2017 Supp. 66-1264, and amendments thereto.

History: L. 1979, ch. 208, § 1; L. 2001, ch. 196, § 1; L. 2007, ch. 180, § 5; L. 2009, ch. 141, § 22; L. 2014, ch. 68, § 1; July 1.

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KANSAS STATUTES ANNOTATED

Chapter 66.--PUBLIC UTILITIES

Article 12. ---- MISCELLANEOUS PROVISIONS

66-1263. Net metering and easy connection act. K.S.A. 2017 Supp. 66-1263 through 66-1271 and amendments thereto, shall be known and may be cited as the net metering and easy connection act.

History: L. 2009, ch. 141, § 8; May 28.

History: L. 2009, ch. 141, § 8; May 28.

66-1264. Same; definitions. As used in the net metering and easy connection act:

(a) "Commission" means the state corporation commission.

(b) "Customer-generator" means the owner or operator of a net metered facility which:

(1) Is powered by a renewable energy resource;

(2) is located on a premises owned, operated, leased or otherwise controlled by the customer-generator;

(3) is interconnected and operates in parallel phase and synchronization with an affected utility and is in compliance with the standards established by the affected utility;

(4) is intended primarily to offset part or all of the customer-generator's own electrical energy requirements;

(5) contains a mechanism, approved by the utility, that automatically disables the unit and interrupts the flow of electricity back onto the supplier's electricity lines in the event that service to the customer-generator is interrupted.

(c) "Peak demand" shall have the meaning ascribed thereto in K.S.A. 2017 Supp. 66-1257, and amendments thereto.

(d) "Renewable energy resources" shall have the meaning ascribed thereto in K.S.A. 2017 Supp. 66-1257, and amendments thereto.

(e) "Utility" means investor-owned electric utility.

History: L. 2009, ch. 141, § 9; May 28.

66-1265. Same; utility requirements; tariffs, contracts, meters, disclosure to customers. Each utility shall:

(a) Make net metering available to customer-generators on a first-come, first-served basis, until the total rated generating capacity of all net metered systems equals or exceeds one percent of the utility's peak demand during the previous year. The commission may increase the total rated generating capacity of all net metered systems to an amount above one percent after conducting a hearing pursuant to K.S.A. 66-101d, and amendments thereto;

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(b) provide an appropriate class bidirectional meter to the customer-generator at no charge, but may charge the customer-generator for the cost of any additional metering or distribution equipment necessary to accommodate the customer-generator's facility;

(c) disclose annually the availability of the net metering program to each of its customers with the method and manner of disclosure being at the discretion of the utility;

(d) for any customer-generator which began operating its renewable energy resource under an interconnect agreement with the utility prior to July 1, 2014, offer to the customer-generator a tariff or contract that is identical in electrical energy rates, rate structure and monthly charges to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator and shall not charge the customer-generator any additional standby, capacity, interconnection or other fee or charge that would not otherwise be charged if the customer were not an eligible customer-generator; and

(e) for any customer-generator which began operating its renewable energy resource under an interconnect agreement with the utility on or after July 1, 2014, have the option to propose, within an appropriate rate proceeding, the application of time-of-use rates, minimum bills or other rate structures that would apply to all such customer-generators prospectively.

History: L. 2009, ch. 141, § 10; L. 2014, ch. 68, § 2; July 1.

66-1266. Same; excess energy generated by customer-generator; calculation; requirements; expiration of credit.

(a) Prior to January 1, 2030, for any customer-generator that began operating a renewable energy resource under an interconnect agreement with the utility prior to July 1, 2014:

(1) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator during a billing period, the customer-generator shall be billed for the net electricity supplied by the utility in accordance with normal practices for customers in the same rate class.

(2) If such customer-generator generates electricity in excess of the customer-generator's monthly consumption, all such net excess energy (NEG), expressed in kilowatt-hours, shall be carried forward from month-to-month and credited at a ratio of one-to-one against the customer-generator's energy consumption, expressed in kilowatt-hours, in subsequent months.

(3) Any interconnect agreement between such customer-generator and a utility and all such NEG generated under such agreement shall be transferrable and continue in place until January 1, 2030, regardless of whether there is a change in ownership of the property on which the renewable energy resource is located.

(4) Any NEG resulting from renewable energy resources that are installed on and after July 1, 2014 but are part of an installation of a renewable energy resource that was operating prior to July 1, 2014, shall be carried forward and credited to the customer as if such resources had begun operation prior to July 1, 2014.

(5) Any net excess generation credit remaining in a net-metering customer's account on March 31 of each year shall expire.

(b) For any customer-generator that began operating a renewable energy resource under an interconnect agreement with the utility on and after July 1, 2014:

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(1) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator during a billing period, the customer-generator shall be billed for the net electricity supplied by the utility.

(2) If such customer-generator generates electricity in excess of the customer-generator's monthly consumption, all such NEG remaining in such customer-generator's account at the end of each billing period shall be credited to the customer at a rate of 100% of the utility's monthly system average cost of energy per kilowatt hour.

(c) On and after January 1, 2030, for all customer-generators, regardless of when such customer-generators entered into an interconnect agreement with the utility:

(1) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator during a billing period, the customer-generator shall be billed for the net electricity supplied by the utility; and

(2) if such customer-generator generates electricity in excess of the customer-generator's monthly consumption, all such NEG remaining in a customer-generator's account at the end of each billing period shall be credited to the customer at a rate of 100% of the utility's monthly system average cost of energy per kilowatt hour.

History: L. 2009, ch. 141, § 11; L. 2014, ch. 68, § 3; July 1.

66-1267. Same; utility duty to customer-generators; customer-generator's load size.

(a) For customer-generators that began operating a renewable energy resource under an interconnect agreement with the utility prior to July 1, 2014:

(1) Such utility shall allow:

(A) Residential customer-generators to generate electricity subject to net metering up to 25 kilowatts; and

(B) commercial, industrial, school, local government, state government, federal government, agricultural and institutional customer-generators to generate electricity subject to net metering up to 200 kilowatts.

(2) Nothing in this act shall be construed to prevent such customer-generators from installing additional renewable energy resources after July 1, 2014, that will generate electricity pursuant to the restrictions contained in paragraph (1).

(b) For customer-generators that begin operating a renewable energy resource under an interconnect agreement with the utility after July 1, 2014, such utility shall allow:

(1) All residential customer-generators to generate electricity subject to net metering up to 15 kilowatts;

(2) commercial, industrial, religious institution, local government, state government, federal government, agricultural and industrial customer-generators to generate electricity subject to net metering up to 100 kilowatts, unless otherwise agreed to by the utility and the customer-generator; and

(3) school customer-generators to generate electricity subject to net metering up to 150 kilowatts. For the purpose of this section, "school" means any postsecondary educational institution as defined in K.S.A. 74-3201b, and amendments thereto, or any public or private school which provides instruction for students enrolled in grade kindergarten or grades one through 12.

(c) Customer-generators shall appropriately size their generation to their expected load.

History: L. 2009, ch. 141, § 12; L. 2014, ch. 68, § 4; July 1.

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66-1268. Same; net metered facilities; standards; limitation of liability for utility.

(a) Net metered facilities must meet all applicable safety, performance, interconnection and reliability standards established by the national electrical code, the national electrical safety code, the institute of electrical and electronics engineers, underwriters laboratories, the federal energy regulatory commission and any local governing authorities. A utility may require that a customer-generator's system contain a switch, circuit breaker, fuse or other easily accessible device or feature located in immediate proximity to the customer-generator's metering equipment that would allow a utility worker the ability to manually and instantly disconnect the unit from the utility's electric distribution system.

(b) A utility may not require a customer-generator whose net metering facility meets the standards in subsection (a) to comply with additional safety or performance standards or perform or pay for additional tests or purchase additional liability insurance. A utility shall not be liable directly or indirectly for permitting or continuing to allow an attachment of a net metered facility or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

History: L. 2009, ch. 141, § 13; May 28.

66-1269. Same; rules and regulations; application process. The commission shall, within 12 months from the effective date of the net metering and easy connection act, establish rules and regulations necessary for the administration of the act, which shall include rules and regulations ensuring that simple contracts are used for interconnection and net metering. For systems less than 25 kilowatts, the application process shall use an all-in-one document that includes a simple interconnection request, simple procedures and a brief set of terms and conditions.

History: L. 2009, ch. 141, § 14; May 28.

66-1270. Same; recovery of reasonable costs by utility. Reasonable costs incurred by a utility under the net metering and easy connection act shall be recoverable in the utility's rate structure.

History: L. 2009, ch. 141, § 15; May 28.

66-1271. Same; compliance with renewable energy standards act. Each kilowatt of nameplate capacity of all net metered facilities operating under the provisions of this act shall count as 1.10 kilowatts toward the affected utility's compliance with the renewable energy standards act in K.S.A. 2017 Supp. 66-1256 through 66-1262, and amendments thereto.

History: L. 2009, ch. 141, § 16; L. 2014, ch. 68, § 5; July 1.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners:

Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

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

FINAL ORDER

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the pleadings and record, the Commission makes the following findings:

I. Background

1. On July 12, 2016, the Commission issued an Order Opening General Investigation to examine various issues surrounding rate structure for distributed generation (DG) customers.¹ The Commission stated its intent to have a thorough and thoughtful discussion of the appropriate rate structure for DG including the quantifiable costs and quantifiable benefits of DG.² The Commission named all Kansas electric public utilities, subject to the Commission's jurisdiction over retail rates,³ as parties to the docket and also granted parties an opportunity to provide evidence showing that costs and benefits can be quantified and allocated in a manner which will result in just and reasonable rates for DG customers.⁴

¹ Order Opening General Investigation, p. 5 (July 12, 2016).

² Id.

³ Westar Energy, Inc. and Kansas Gas and Electric Company (collectively, Westar), Kansas City Power & Light Company (KCP&L), Southern Pioneer Electric Company (Southern Pioneer), Midwest Energy, Inc. (Midwest Energy), Empire District Electric Company (Empire).

⁴ Order Opening General Investigation, p. 5.

2. On July 14, 2017, the Commission issued orders granting intervention to Cromwell Environmental, Inc. (Cromwell), the Citizens Utility Ratepayer Board (CURB), The Alliance for Solar Choice, Sunflower Electric Power Corporation (Sunflower) and Mid-Kansas Electric Company (Mid-Kansas), and Brightergy, LLC (Brightergy).
3. On September 1, 2016, the Commission issued orders granting intervention to the Kansas Electric Cooperatives, Inc. (KEC), the Climate and Energy Project (CEP), and IBEW Local Union No. 304 (IBEW).
4. On September 29, 2016, the Commission issued an order granting intervention to United Wind, Inc. (United Wind).
5. On February 16, 2017, the Commission issued an Order Setting Procedural Schedule. The order set a schedule for the parties to file comments, engage in roundtable discussions, and participate in an evidentiary hearing.⁵
6. On March 17, 2017, Midwest Energy,⁶ Southern Pioneer,⁷ which was joined by KEC, Westar,⁸ Brightergy,⁹ CEP,¹⁰ KCP&L,¹¹ United Wind,¹² Cromwell,¹³ Sunflower and Mid-

⁵ Order Setting Procedural Schedule, p. 3 (Feb. 16, 2017).

⁶ Initial Comments of Midwest Energy, Inc., (March 17, 2017) (Initial Comments Midwest Energy).

⁷ Initial Comments of Southern Pioneer Electric Company Joined by the Kansas Electric Cooperatives, Inc., (March 17, 2017) (Initial Comments Southern Pioneer and KEC).

⁸ Initial Comments of Westar Energy, Inc. and Kansas Gas and Electric Company Regarding Cost-Based Rates for Customers with Distributed Generation, (March 17, 2017) (Initial Comments Westar).

⁹ Brightergy elected not to provide a sponsoring witness for its comments and later withdrew its comments from the evidentiary record. Brightergy requested its comments be included with the public comments.

¹⁰ Testimony of Dorothy Barnett on Behalf of the Climate + Energy Project, (March 17, 2017) (Initial Comments CEP).

¹¹ Initial Comments of Kansas City Power & Light Company, (March 17, 2017) (Initial Comments KCP&L).

¹² United Wind elected not to provide a sponsoring witness for its comments and later withdrew its comments from the evidentiary record. United Wind requested its comments be included with the public comments.

¹³ Initial Comments of Cromwell Environmental, (March 17, 2017) (Initial Comments Cromwell).

Kansas,¹⁴ CURB,¹⁵ Empire,¹⁶ and Commission Utilities Staff¹⁷ (Staff) filed their initial Comments.

7. On May 5, 2017, Southern Pioneer,¹⁸ Westar,¹⁹ Midwest,²⁰ Staff,²¹ Sunflower and Mid-Kansas,²² KCP&L,²³ Empire,²⁴ Brightergy,²⁵ Cromwell,²⁶ IBEW 304,²⁷ and CEP²⁸ filed their reply comments.

8. On June 16, 2017, Staff, Westar, KCP&L, Sunflower, Mid-Kansas, Southern Pioneer, KEC, Midwest Energy, Empire, Brightergy, United Wind, and IBEW 304 (Joint Movants) filed a Motion to Approve Non-Unanimous Stipulation and Agreement (S&A).

9. Also on June 16, 2017, the Parties filed a List of Contested Issues.

10. On June 20, 2017, Westar,²⁹ KCP&L,³⁰ Southern Pioneer and KEC,³¹ and Staff³² filed testimony in support of the Non-Unanimous Stipulation and Agreement.

¹⁴ Initial Comments of Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC, (March 17, 2017) (Initial Comments of Sunflower and Mid-Kansas).

¹⁵ Notice of Filing of CURB'S Initial Comments, (March 17, 2017) (Initial Comments CURB).

¹⁶ Affidavit of William G. Eichman on Behalf of The Empire District Electric Company, (March 17, 2017) (Initial Comments Empire).

¹⁷ Notice of Filing Staffs Verified Initial Comments (March 17, 2017) (Initial Comments Staff).

¹⁸ Reply Comments of Southern Pioneer Electric Company, (May 5, 2017) (Reply Comments Southern Pioneer).

¹⁹ Reply Comments of Westar Energy, Inc. and Kansas Gas and Electric Company Regarding Cost-Based Rates for Customers with Distributed Generation, (May 5, 2017) (Reply Comments Westar).

²⁰ Reply Comments of Midwest Energy, Inc., (May 5, 2017) (Reply Comments Midwest).

²¹ Notice of Filing Staffs Verified Reply Comments, (May 5, 2017) (Reply Comments Staff).

²² Reply Comments of Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC, (May 5, 2017) (Reply Comments Sunflower and Mid-Kansas).

²³ Reply Comments of Kansas City Power & Light Company, (May 5, 2017) (Reply Comments KCP&L).

²⁴ Affidavit of William G. Eichman Supporting Reply Comments on Behalf of The Empire District Electric Company, (May 5, 2017) (Reply Comments Empire).

²⁵ Brightergy elected not to provide a sponsoring witness for its comments and later withdrew its comments from the evidentiary record. Brightergy requested its comments be included with the public comments.

²⁶ Reply Comments of Cromwell Environmental, (May 5, 2017) (Reply Comments Cromwell).

²⁷ IBEW 304 elected not to provide a sponsoring witness for its comments and later withdrew its comments from the evidentiary record. IBEW 304 requested its comments be included with the public comments.

²⁸ Reply Comments of Climate and Energy, (May 5, 2017) (Reply Comments CEP).

²⁹ Testimony of Jeff Martin in Support of Stipulation and Agreement - Westar Energy, Inc. (June 20, 2017) (Testimony in Support Martin); On June 26, 2017, Westar late filed the Rebuttal Testimony of Ahmad Faruqui in Support of Stipulation and Agreement (Testimony in Support Faruqui).

³⁰ Testimony in Support of the Settlement Agreement of Bradley D. Lutz on behalf of Kansas City Power & Light Company (June 20, 2017) (Testimony in Support Lutz).

11. On June 20, 2017, CURB,³³ Cromwell,³⁴ and CEP,³⁵ (collectively the Opposing Parties) filed testimony in opposition to the Non-Unanimous Stipulation and Agreement.

II. Legal Standard

12. Every public utility in Kansas is required to provide reasonably efficient and sufficient service and establish just and reasonable rates.³⁶ Just and reasonable rates are those that fall within a "zone of reasonableness," which balances the interests of present and future ratepayers, and the public interest.³⁷ The Kansas Supreme Court has recognized that "the touchstone of public utility law is the rule that one class of consumers shall not be burdened with costs created by another class."³⁸ The Commission may in addition to cost-causation, consider matters of public policy, such as gradualism to minimize rate shock, revenue stability for the company, economic development, and energy efficiency.³⁹ Both federal and state courts have been clear that rates must be based on costs and supported by substantial competent evidence.⁴⁰ Substantial competent evidence is that which possesses something of substance and relevant consequence, and which furnishes a substantial basis of fact from which the issues can reasonably be resolved.⁴¹ A decision of the Commission is

³¹ Testimony in Support of Stipulation and Agreement Prepared by Richard J. Macke (June 20, 2017) (Testimony in Support Macke).

³² Testimony in Support of the Non-Unanimous Stipulation and Agreement Prepared by Robert H. Glass (June 20, 2017) (Testimony in Support Glass).

³³ Testimony in Opposition to Non-Unanimous Stipulation and Agreement of Cary Catchpole on Behalf of CURB (Jun. 20, 2017) (Testimony in Opposition Catchpole); Testimony in Opposition to Non-Unanimous Stipulation and Agreement of Brian Kalcic on Behalf of CURB (Jun. 20, 2017) (Testimony in Opposition Kalcic).

³⁴ Testimony of Aron Cromwell in Opposition to Non-Unanimous Stipulation and Agreement (Jun. 20, 2017) (Testimony in Opposition Cromwell).

³⁵ Testimony of the Climate and Energy Project Addressing Non-Unanimous Settlement (Jun. 20, 2017) (Testimony in Opposition CEP).

³⁶ K.S.A. 66-101b.

³⁷ *Kansas Gas and Elec. Co. v. Kansas Corp. Comm 'n*, 239 Kan. 483, 488 (1986).

³⁸ *Jones v. Kansas Gas & Electric Co.*, 222 Kan. 390, 401 (1977).

³⁹ Docket No. 12-KCPE-764-RTS (Aug. 22, 2012); Docket No. 16-KCPE-446-TAR (Jun. 22, 2017); *See also, Midwest Gas Users Ass'n v. Kansas Corp. Comm 'n*, 3 Kan. App.2d 376, 380 (1979).

⁴⁰ *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Kansas Gas and Electric Co.*, 239 Kan. At 501; *Zinke & Trumbo, Ltd v. State Corp. Comm 'n*, 242 Kan. 470, 475 (1988).

unsupported by substantial competent evidence "only when the evidence shows the [Commission's] determination 'is so wide of the mark as to be outside the realm of fair debate. '"⁴² The Kansas Supreme Court has also stated that the Commission "is not obligated to render its finding of fact in minute detail ... [h]owever, we require its findings to be specific enough to allow judicial review of the reasonableness of the order."⁴³

13. The law generally favors the compromise and settlement of disputes.⁴⁴ However, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole, that the settlement will establish just and reasonable rates, and the settlement is in the public interest.⁴⁵

14. The Commission has established a five-part test to determine the reasonableness of proposed settlement agreements. The five parts are rooted in the Commission's organic statutes,⁴⁶ the Kansas Administrative Procedure Act,⁴⁷ and the Kansas Act for Judicial Review and Civil Enforcement of Agency Actions.⁴⁸ The five parts are:

- a. Whether there was an opportunity for the opposing party to be heard on their reasons for opposition to the stipulation and agreement;
- b. whether the stipulation and agreement is supported by substantial competent evidence;

⁴¹ *Farmland Indus., Inc. v. Kansas Corp. Comm 'n.*, 25 Kan.App.2d 849, 852 (1999).

⁴² *Zinke & Trumbo, Ltd. v. Kansas Corp. Comm 'n.*, 242 Kan. 470, 474 (1988) (quoting *Kansas-Nebraska Natural Gas Co. v. Kansas Corp. Comm'n*, 217 Kan. 604, 617).

⁴³ *Id* at 475.

⁴⁴ *Krantzv. Univ. of Kansas*, 271Kan.234, 241-42 (2001).

⁴⁵ *Citizens' Utility Ratepayer Board v. Kansas Corp. Comm'n.*, 28 Kan.App.2d 313, 316, (2000) *rev. denied* March 20, 2001.

⁴⁶ See K.S.A. 66-101 b (providing the Commission with the power to "require all electric public utilities governed by this act to establish and maintain just and reasonable rates").

⁴⁷ See, K.S.A. 77-501 *et seq.*

⁴⁸ See, K.S.A. 77-601 *et seq.*

- c. whether the stipulation and agreement conforms with applicable law;
- d. whether the stipulation and agreement results in just and reasonable rates;
- e. whether the results of the stipulation and agreement are in the public interest, including the interest of the customers represented by the party not consenting to the agreement.⁴⁹

III. Findings and Conclusions

15. The Commission finds the intent and purpose of this general investigation has shifted slightly from when it was first opened. Staff initially stated the goal of this generic docket was to determine the appropriate rate structure for DG customers by evaluating the costs and benefits of DG, as well as by examining potential rate design alternatives for DG customers.⁵⁰ Though Staff recommended the Commission not change current rates through this proceeding, Staff did recommend the Commission make its findings in this docket binding, with specific tariff changes to be made in utility-specific docket filings.⁵¹ However, the testimony in the evidentiary hearing suggested the parties were less interested in binding action by the Commission and more interested in guidance from the Commission regarding the appropriate direction of DG rate design.⁵² This position was later repeated during briefing.⁵³

⁴⁹ Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, p. 5 (May 12, 2008).

⁵⁰ Staffs Report and Recommendation p. 8 (March 11, 2016).

⁵¹ *Id.* at pp. 7-8.

⁵² Tr. Vol. 1, p. 177 Ins. 18-24; p. 178 Ins. 16-19; pp. 126-127; pp. 178-179; pp. 180-82; p. 183 Ins. 4-20; Tr. Vol. 2, p. 335.

⁵³ Reply Brief of Commission Staff, pp.6-7 (Aug. 25, 2017) (Nothing in the S&A limits or restricts a utility or the Commission to using a certain rate design. As discussed at hearing, Staff views the enumeration of rate design option in Paragraph 11 of the Stipulation and Agreement as merely that: options; not prescriptive requirements);

Reply Brief of Citizens' Utility Ratepayer Board, p. 10 (Aug. 25, 2017); Post-Hearing Reply Brief of Kansas City Power & Light Company, p. 12 (Aug. 25, 2017).

16. With this request for guidance in mind, the Commission reviews the S&A utilizing the Commission's five-part question analysis of non-unanimous settlement agreements.

Whether there was an opportunity for the opposing party to be heard on their reasons for opposition to the stipulation and agreement?

17. The Commission finds the Opposing Parties each filed testimony in opposition to the S&A⁵⁴ and fully participated during the evidentiary hearing, including the cross-examination of the witnesses who testified in support of the S&A. The Commission finds therefore the Opposing Parties were granted an opportunity for their reasons for opposition to the S&A to be heard.

Whether the stipulation and agreement is supported by substantial competent evidence?

18. The Commission finds the S&A is specifically supported by the testimony of five witnesses through pre-filed supporting testimony,⁵⁵ live testimony at the evidentiary hearing, and the sworn pre-filed comments of the supporting parties.⁵⁶ Therefore, the Commission finds there to be sufficient evidence from which to make a decision.⁵⁷

19. The S&A requests the Commission adopt nine substantive findings, which will be addressed below.

⁵⁴ See *Generally*, Testimony in Opposition CEP; Testimony in Opposition Cromwell; Testimony in Opposition Kalcic; Testimony in Opposition Catchpole.

⁵⁵ See *Generally*, Testimony in Support Glass; Testimony in Support Martin; Testimony in Support Faruqui; Testimony in Support Lutz; Testimony in Support Macke.

⁵⁶ See, Reply Comments Westar; Reply Comments Empire; Reply Comments KCP&L; Reply Comments Sunflower and Mid-Kansas; Reply Comments Midwest Energy; Reply Comments KEC; Reply Comments Southern Pioneer; Reply Comments Staff; Initial Comments Staff.

⁵⁷ The omission from this Order of any argument or portion of the record raised by the participants in their briefs does not mean that it has not been considered. All such arguments have been evaluated and found to either lack merit or significance to the extent that their inclusion would only tend to lengthen this Order without altering its substance or effect.

20. First, the Commission finds DG customers should be uniquely identified within the ratemaking process because of their potentially significant different usage characteristics.⁵⁸ The Commission finds the unique identification of DG customers within a class or sub-class is the key to properly recognizing the cost and quantifiable benefits of DG.⁵⁹ Utilities may create a separate residential class or sub-class for DG customers with their own rate design, which appropriately recovers the fixed costs of providing service to residential private DG customers, or a utility may continue to serve residential private DG customers within an existing residential rate class if the utility determines there are too few DG customers to justify a separate residential private DG class or sub-class or determines other justification exists to retain those customers in the existing rate class. A separate rate class for DG customers is not meant to punish those customers, rather such a class would serve to provide clarity for both utilities and customers.

21. Specific to Westar, the Commission finds Westar's Distributed Generation Residential Rate Schedule implemented in Westar's last rate case shall remain in place and effective for all residential customers installing distributed generation on or after October 28, 2015, and shall be treated as a separate class for purposes of future class cost of service studies and ratemaking generally.

22. Second, the Commission finds the current two-part residential rate design is problematic for utilities and residential private DG customers because DG customers use the

⁵⁸ Initial Comments Staff, p. 16, ¶ 41; Reply Comments of Commission Staff, pp. 5-6; Comments of Cary Catchpole for the Citizens' Utility Ratepayer Board on Distributed Generation Policy Matters, p. 7, ¶ 11, pp. 8-9, ¶ 12-13, (Mar. 17, 2017); Comments of Brian Kalcic for the Citizens' Utility Ratepayer Board on Distributed Generation Rate Design, p. 8, {Mar. 17, 2017}; Reply Comments Kalcic, pp. 2-4; Initial Comments Westar Energy, pp. 3-8, (Mar. 17, 2017); Reply Comments Westar, pp. 3-6, Initial Comments Empire District Electric Company, pp. 2-3, Reply Comments Empire, p. 1, pp. 3-4; Initial Comments Sunflower and Mid-Kansas, pp. 2-3; Initial Comments Southern Pioneer and KEC, p. 5, p. 7, ¶ 17; Reply Comments Southern Pioneer, p. 8, ¶ 19-20, (May 5, 2017); Initial Comments Midwest Energy, pp. 3, 5-6, and 8; Reply Comments Midwest Energy, pp. 2-4; Initial Comments KCP&L, p. 24; Reply Comments of KCP&L, p. 8.

⁵⁹ Direct Testimony in Support Lutz, p. 5.

electric grid as a backup system resulting in their consuming less energy than non-DG customers, which results in DG customers not paying the same proportion of fixed costs as non-DG customers.⁶⁰ The Commission finds DG customers are thus being subsidized by non-DG customers.⁶¹

23. Third, the Commission finds the following rate design options are appropriate for residential private DG customers, to allow utilities to better recover the costs of providing service to that class or sub-class of customers:

- a. A cost of service based three-part rate consisting of a customer charge, demand charge, and energy charge;⁶²
- b. A grid charge based upon either the DG output or nameplate rating;⁶³ or
- c. A cost of service-based customer charge that is tiered based upon a customer's capacity requirements.⁶⁴

The Commission finds the above list is not meant to preclude a utility from proposing other appropriate rate designs within that individual utility's rate case proceeding, but rather recognizes that each utility might have different conditions and different needs.⁶⁵ Thus, the Commission finds the S&A allows flexibility for a variety of alternatives.⁶⁶

24. The Commission's finding that the above rate designs are appropriate does not serve as a predetermination that the above rate designs will result in just and reasonable rates.

⁶⁰ Initial Comments Staff, pp. 1-2; Initial Comments Westar Energy, pp. 7-13; Initial Comments Empire, p. 2; Initial Comments Southern Pioneer and KEC, pp. 5-7; Initial Comments Midwest Energy, ¶13; Initial Comments KCP&L, pp. 23-24; Initial Comments of Cary Catchpole for the CURB, ¶16; Initial Comments of Brian Kalcic for the CURB, ¶7.

⁶¹ Initial Comments Staff, pp. 1-4; Tr. Vol. 1, p. 112.

⁶² See Faruqui Initial Affidavit, at pp. 12-22, Brown Initial Affidavit, at pp. 41-42, Martin Initial Affidavit, at pp. 4-5, Faruqui Reply Affidavit, at pp. 1-2, Brown Reply Affidavit, at pp. 1-4, Martin Reply Affidavit, at pp. 5-6.

⁶³ Initial Comments of Southern Pioneer and KEC, p. 7; Initial Comments of Sunflower and Mid-Kansas, p. 4.

⁶⁴ Initial Comments CURB, p. 5; Initial Comments Empire, p. 3; Initial Comments Sunflower and Mid-Kansas, p. 4.

⁶⁵ Direct Testimony in Support Lutz, p. 7.

⁶⁶ Direct Testimony in Support Lutz, p. 7.

Rather, based upon the testimony on the record, the Commission interprets the S&A as requiring the sponsoring utility of a new DG rate design as having the burden to show that any proposed rate design will result in non-discriminatory, just and reasonable rates.⁶⁷

25. Fourth, the Commission finds a customer education program must be implemented whenever new residential private DG rate structures are ordered, and that program should be completed as soon as practical after the Commission approves a new rate design.⁶⁸

26. Fifth, the Commission finds rates for private residential DG customers should be cost-based and any unquantifiable value of resource approach should not be considered when setting rates. This is because cost-based rates are a fundamental attribute of good rate design as they allow the Commission to clearly identify quantifiable costs, which ensures rates for all customers are equitable while encouraging efficient use of resources and minimization of unnecessary cross-subsidization between customers.⁶⁹ This finding is consistent with the Commission's stated preference at the initiation of this investigation.⁷⁰ The Commission finds a class cost of service study provides sufficient support for design of a residential private DG tariff and no further study is necessary for the purpose of this docket because the class cost of service study takes into consideration benefits in the form of avoided costs.⁷¹ However, this finding does not preclude any party from sponsoring any study it believes necessary to provide an evidentiary basis for its position in a general rate case. As in this docket, any study submitted should include only quantifiable market-based costs and benefits to the utility.

⁶⁷ See, K.S.A. 66-101b; K.A.R. 82-1-231.

⁶⁸ Direct Testimony in Support Lutz, p. 8.

⁶⁹ Direct Testimony in Support Lutz, p. 8.

⁷⁰ Order Opening General Investigation, p. 5.

⁷¹ Initial Comments Staff, pp. 2-3

27. Sixth, the Commission finds that a value of resource study (i.e. cost-benefit analysis) is not required by the Commission at this time because, as testified by Staff, such studies have limited value because they return widely varying results and unnecessarily duplicate information already part of utility-specific class cost of service studies.⁷² However, as indicated above, nothing herein precludes any party from developing any study it believes to be helpful to the Commission in establishing just and reasonable rates.

28. Seventh, the Commission finds DG rate design policy is best determined in this docket in order to provide certainty to all parties for the benefit of the orderly development of the private DG market in Kansas.⁷³ Without a determination by this Commission as to what an appropriate DG rate structure is, future rate design proposals will be undermined by the question of whether that particular rate design proposal is appropriate.⁷⁴ However, the Commission finds electric utilities that do not currently have DG tariffs shall have the option to propose DG tariffs consistent with the principles established in this general investigation in subsequent general rate case filings for approval by the Commission.

29. Eight, the Commission finds any DG-specific rate design implemented subsequent to this proceeding to serve residential private DG customers would apply to those customers adding DG systems on or after the effective date of those tariffs. Customers with distributed DG systems implemented and operating prior to that date and served by other rate designs will be allowed to remain on those preexisting rates until January 1, 2030, to the extent permitted by Kansas law. On and after January 1, 2030, all distributed generation customers will be subject to the then current residential DG rate design. The Commission further finds this S&A

⁷² Initial Comments Staff, p. 8 (Mar. 17, 2017); Reply Comments Staff, p. 3; *See also*, Direct Testimony in Support Lutz, p. 8.

⁷³ Direct Testimony in Support Lutz, p. 9.

⁷⁴ *Id.*

term to be in the public interest because the term sets clear timeframes for implementation of any new DG structure while providing an important grandfathering period to provide a transition to the new rates, while protecting customers served under the old designs from unanticipated changes.⁷⁵ Likewise, the future closing date of January 1, 2030, is appropriate because it is the date set by statute when methods used to compensate excess generation under net meeting are unified under a single method.⁷⁶

30. Specific to Westar, the Commission finds the settlement approved by the Commission in Westar's last general rate case regarding the creation of the "Residential Standard Distributed Generation" tariff remains in effect and customers who added DG on or after October 28, 2015, will be subject to the rate design change that occurs in future rate case dockets based on the policy established in this docket. The Commission finds this approach is appropriate because Westar's customers on its Residential Standard Distribution Generation tariff have received notice in Docket No. 15-WSEE-115-RTS and through Westar's outreach efforts.⁷⁷

31. Ninth, the Commission finds this S&A provides guidance to the cooperatives that have elected to be self-regulated pursuant to K.S.A. 66-104d, but such self-regulated cooperatives shall not be bound by the S&A. The Commission finds such non-binding guidance to be in the public interest because it acknowledges that the cooperatives' regulatory structure is different from the other public utilities subject to the S&A, while identifying how the S&A impacts them.⁷⁸

⁷⁵ Direct Testimony in Support Lutz, p. 10.

⁷⁶ *Id*

⁷⁷ Tr. Vol. 1, p. 124.

⁷⁸ Direct Testimony in Support Lutz, p. 10.

Whether the stipulation and agreement conforms with applicable law?

32. Because of the rationale laid out below in paragraphs 34-37 the Commission concludes the S&A is in conformance with applicable law.

Whether the stipulation and agreement results in just and reasonable rates?

33. The Commission finds the S&A does not change rates or rate design for any customer⁷⁹ and thus the S&A results in the continuation of existing rates which the Commission has previously found to be just and reasonable.

Whether the results of the stipulation and agreement are in the public interest, including the interest of the customers represented by the party not consenting to the agreement?

34. The Commission interprets the S&A as a roadmap the electric utilities may pursue in future rate filings. The Commission interprets the S&A as establishing the following policies:

- a. utilities may determine whether a separate rate class is appropriate;⁸⁰
- b. utilities may provide cost data for that class through a class cost of service study as required by Commission regulation;⁸¹
- c. utilities are to provide cost data uniformly, excluding non-quantifiable societal benefits and externalities; and⁸²
- d. utilities may recommend the rate design appropriate for their electric system, service and customer base.⁸³

⁷⁹ Direct Testimony in Support Glass, p. 7.

⁸⁰ S&A, iii! 9-10.

⁸¹ *Id.* at if 13; *See also*, K.A.R. 82-1-231.

⁸² S&A, at if 14.

⁸³ *Id.* at if 11.

35. The Commission finds the S&A is in the public interest because it establishes a policy framework for implementing DG. This framework provides a means through which DG issues as yet undetermined can be addressed in a utility-specific rate case docket.

36. Similarly, though the record evidence supports a finding that DG customers are not paying their full fixed costs⁸⁴ and are thus being cross-subsidized by the other residential customers,⁸⁵ there is not sufficient evidence for the Commission to determine whether that cross-subsidization results in an unduly preferential rate because not all of the utilities provided analysis regarding the extent to which cross-subsidization exists.⁸⁶ The record suggests that information would only be available after the utilities completed a class cost of service study in their next rate case.

37. The Commission finds approving the S&A is in the public interest because it allows the parties to further develop the necessary facts on a utility by utility basis. Likewise, the Commission believes this course of action allows utilities to propose new DG tariffs consistent with terms of the S&A and for the Commission to address each proposal individually. The Commission finds the S&A allows the Commission to do so without negatively impacting any of the parties. The rights and obligations of the parties are the same following this order as they were at the beginning of this docket. Therefore, the Commission finds no party is negatively impacted by the S&A because it merely shifts the discussion and production of evidence into utility specific dockets, where the burden of proof remains on the utilities to show that their proposed rate design results in non-discriminatory and just and reasonable rates. Therefore, the Commission finds the S&A is in the public interest.

⁸⁴ Initial Comments Staff, p. 1.

⁸⁵ Initial Comments Staff, pp. 1, 4; Tr. Vol. 1, p. 112.

⁸⁶ Tr. Vol. 1 pp. 113-120; p.130; pp. 298-299.

THEREFORE, THE COMMISSION ORDERS:

A. The Non-Unanimous Stipulation and Agreement is approved.

B. The parties have 15 days from the date this Order was electronically served to petition for reconsideration.⁸⁷

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it deems necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: Sep. 21, 2017

Signed _____

Lynn M. Retz

Secretary to the Commission

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⁸⁷ K.S.A. 66-118b; K.S.A. 77-529(a)(I).