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2 **BEFORE THE PUBLIC SERVICE COMMISSION**
3 **OF THE STATE OF MISSOURI**
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7 **In the Matter of the Application of**)
8 **The Cathedral Square Corporation,**)
9 **a Missouri Non-Profit Corporation,**)
10 **For a Variance from Kansas City**) **Case No. EO-2012-0141**
11 **Power & Light Company's**)
12 **General Rules and Regulations**)
13 **Requiring Individual Metering**)
14
15

16 **DIRECT TESTIMONY OF JEFFREY G. FLATHMAN**
17 **ON BEHALF OF THE CATHEDRAL SQUARE CORPORATION, INC.**
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20 COMES NOW, Applicant, The Cathedral Square Corporation., a Missouri Non-Profit
21 Corporation (“CSC”), by and through its counsel Shawn E. Stewart, and hereby submits the
22 following Direct Testimony of Jeffrey G. Flathman, affirmed and attested to under oath.

23 I, Jeffrey G. Flathman, now being duly sworn and of legal age, hereby testify as follows:

24 **DIRECT EXAMINATION (“Q”) BY SHAWN E. STEWART:**

25 **Q. Please state your name for the record.**

26 A. Jeffrey G. Flathman.

27 **Q. Please state who you are employed by.**

28 A. Energy Solutions Professionals, LLC (sometimes referred to hereinafter as ESP.)

29 **Q. Please describe your educational background.**

30 A. I attended North Dakota State University, where I received my degree in Mechanical
31 Engineering.

32 **Q. Please describe your work experience.**

33 A. I am the co-founder and President of ESP. I have twenty-two years of experience in the
34 energy efficiency, facility-improvement and heating, ventilating & air-conditioning fields. I work
35 with clients to understand their energy and business needs, develop appropriate solutions, and
36 arrange financing for projects. I have audited buildings, poured over thousands of utility bills,
37 and managed energy efficiency installations. I have assisted clients in all of the services that
38 ESP provides for its clients.

39 **Q. Please describe those services that ESP provides for its clients.**

40 A. ESP has provided energy-efficiency solutions for schools, universities, community
41 colleges, hospitals, cities and counties, correctional facilities, state-owned facilities, federal
42 facilities, and the private sector. For those clients, our team members collaboratively provide
43 energy services related to energy conservation measures for buildings. Over their careers, our
44 team members have provided solutions for more than 130 organizations, and installed over \$260
45 million of improvements. The State of Kansas – Kansas Corporation Commission, who manages
46 the State’s Facility Conservation Improvement Program, has selected ESP as a pre-approved
47 provider of energy service for all public organizations. I believe this demonstrates their
48 confidence in both our ability to provide quality energy services for our clients, and the stability
49 required to stand behind the services and guarantees we offer. ESP is also a certified auditor for
50 KCP&L’s Commercial and Industrial Rebate Program.

51 **Q. Has ESP developed an approach to energy management known as *Energy Efficiency***
52 ***Triad*TM?**

53 A. Yes.

54 **Q. What is the *Energy Efficiency Triad*TM?**

55 A. It interconnects energy supply, human behavior and facilities and systems. ESP
56 recognizes that utility and operating costs can only be truly optimized if equipment and systems
57 are at peak efficiency, people are trained how to utilize systems in an effective and cost-
58 conscious manner, and utility supply is evaluated from a cost and sustainability perspective.
59 Taking this approach ensures optimal savings over time.

60 **Q. Are you familiar with the Cathedral Square Towers building in Kansas City,**
61 **Missouri?**

62 A. Yes.

63 **Q. How did you become familiar with the Cathedral Square Towers?**

64 A. In 2009, Yarco Company, Inc. (“Yarco”), on behalf of Cathedral Square Corporation
65 (hereinafter referred to as “CSC”) contracted with ESP for ESP to (1) identify and quantify
66 energy and facility improvement opportunities to the Cathedral Square Towers that could be paid
67 for by savings; and (2) obtain information about various options for implementing the
68 improvements, including a guaranteed savings energy performance contract and available
69 rebates, and identify the financial impacts of each approach.

70 **Q. Did ESP perform those services and provide that information to Yarco and CSC?**

71 A. Yes. We applied general engineering principles, historic performance of similar energy
72 conservation measures and practical evaluation of current site-conditions to generate
73 recommendations on energy efficiency solutions and cost savings. We evaluated the utility
74 costs, rates and billing of Cathedral Square Towers.

75 **Q. Were you personally involved with those services and the information provided to**
76 **Yarco and CSC?**

77 A. Yes.

78 **Q. Did ESP prepare and provide a report to Yarco and CSC?**

79 A. Yes. ESP prepared and provided Yarco and CSC with an Investment Grade Audit
80 Report.

81 **Q. I am providing you with a copy of an Investment Grade Audit Report prepared for**
82 **Cathedral Square Towers by ESP, dated July 6, 2009, which is marked as Exhibit A**
83 **(sometimes referred to hereinafter as the “ESP Report”). Is this the Report that ESP**
84 **prepared and provided to Yarco and CSC in response to the contract with Yarco and CSC**
85 **for its professional analysis of the energy efficiency at Cathedral Square Towers?**

86 A. Yes.

87 **Q. In ESP’s analysis of the utilities for the Cathedral Square Towers, what did it**
88 **discover regarding the electricity?**

89 A. We were initially provided with one year of electricity utility history, which we entered
90 into our utility analysis tool to help us organize and analyze the data. The annual cost for
91 electricity is \$112,610. In connection with the *Energy Efficiency Triad*[™] model, we conducted a
92 utility bill analysis to determine whether there were any rate adjustments, meter consolidation or
93 other supply-side opportunities. Our findings indicated that there is a substantial opportunity to
94 reduce meter charges, late fees and a rate reduction by eliminating the individual meters that are
95 used for every apartment unit and consolidating those into one, single master electric meter.

96 **Q. In your opinion, do the multiple electric meters for each apartment unit serve a**
97 **benefit to the residents at the Cathedral Square Towers?**

98 A. No, they do not serve any benefits to the Cathedral Square Towers residents. The
99 residents at Cathedral Square Towers do not ever pay any electric, gas or water utilities. They do
100 not use less, nor do they use more, electricity as a result of the individual electric meter. The

101 residents are elderly and desire a “worry-free” living environment. CSC pays all utilities, owns
102 all appliances and energy consuming fixtures, and performs all maintenance, including changing
103 burnt out lamps. The residents do not have an option to choose a different electrical provider.
104 There is no incentive to the individual residents to be more energy efficient in their daily lives, or
105 to invest in more energy efficient technologies. That being said, I believe that the elderly
106 residents are very conscious and diligent to conserve energy and use as little as they possibly can
107 at the Cathedral Square Towers.

108 **Q. In your opinion, would the single, master electric meter provide a benefit to the**
109 **residents?**

110 A. Yes, absolutely. Because CSC is a non-profit provider of quality living communities for
111 the elderly, low-income and disabled, it is vitally important for them to either fix or replace aging
112 equipment and take the necessary steps that will collectively dramatically reduce operating costs,
113 specifically energy consuming systems. A major opportunity to reduce operating costs can come
114 from CSC using future savings in lieu of passing along the cost of the capital improvements to
115 residents. The annual cost impact for the individual electric meters is nearly \$41,000.

116 **Q. What steps did ESP take once it discovered the potential cost reduction for**
117 **consolidating the individual electric meters into a consolidated master electric meter?**

118 A. In September 2009, we contacted KCP&L and requested that they approve a master
119 electric meter for Cathedral Square Towers. ESP informed KCP&L by email to Monique
120 Stevenson on September 24, 2009 that “one of the things that immediately stood out to us is that
121 while the Nowlin Apartments (1905 Hardesty Avenue, Kansas City, MO 64127) have only one
122 meter for the entire building, Cathedral Square Towers is paying for individual apartment meters.
123 This is costing Cathedral Square Towers a lot of money in terms of meter fees, and perhaps

124 higher electric costs due to residential rate versus medium general service for the entire amount
125 of electricity usage.”

126 **Q. Does the building have a medium general service meter?**

127 A. Yes, that meter measures the electricity being provided to the common areas, which
128 includes a central cooling, heating and domestic water heating plant.

129 **Q. Do you believe that if a master meter were allowed and installed, that CSC would
130 be entitled to receive the Medium General Service commercial rate from KCP&L?**

131 A. Yes.

132 **Q. Why do you believe that?**

133 A. I believe that primarily for three reasons: a) My review and interpretation of the current
134 KCP&L tariffs on file with the Commission; and b) my review of previous cases presented to
135 and adjudicated by the Commission regarding similar variance requests; and c) the positions
136 taken on previous cases by KCP&L with respect to the variance requests and the change of Rate
137 Classification.

138 **Q. Which tariffs on file with the Commission did you review in connection with your
139 testimony given today?**

140 A. I reviewed the *Kansas City Power & Light Company P.S.C.Mo. No. 2* and the *Kansas
141 City Power & Light Company P.S.C.Mo. No. 7* tariffs, as revised that are on file with the
142 Commission.

143 **Q. I am providing you with a copy of the KCP&L P.S.C.Mo. No. 2 tariff (“KCP&L
144 Tariff 2”), which has been marked as Exhibit B. Is this document the territory and rules
145 tariff currently on file with the Commission that you reviewed in connection with your
146 testimony?**

147 A. Yes.

148 **Q. I am providing you with a copy of the KCP&L P.S.C.Mo. No. 7 tariff (“KCP&L**
149 **Tariff 7”), which has been marked as Exhibit C. Is this document the rates and riders**
150 **tariff for KCP&L currently on file with the Commission that you reviewed in connection**
151 **with your testimony?**

152 A. Yes.

153 **Q. Are there any specific portions of the KCP&L Tariff 2 that you reviewed in**
154 **connection with your testimony today that you deem relevant to this application for**
155 **variance?**

156 A. Yes. I reviewed all of KCP&L Tariff 2, and point out that the provisions of primary
157 importance to CSC’s variance request in KCP&L Tariff 2 are set forth on Sheets 1.18, 1.19, 1.20,
158 1.21, 1.22, and 1.23. I believe those are the pertinent provisions of KCP&L Tariff 2.

159 **Q. Are there any specific portions of KCP&L Tariff 7 that you reviewed in connection**
160 **with your testimony today that you deem relevant to this application for variance?**

161 A. Yes, in reviewing *KCP&L P.S.C.Mo. Tariff 7, Tenth Revised*, Sheet Nos. 5, 5A, 5B, 5C,
162 6, 9, 9A, 9B, 9C, 9D, 9E, 10, 10A, 10B, 10C, 10D, 10E, 11, 11A, 18, 18A, 18B, 18C, 18D, and
163 18E are most pertinent and related to the requested variance. The rate for the electrical service
164 for a single metered multiple-occupancy building is not the Residential Service rate pursuant to
165 Schedule R on Sheet 5. To the contrary, the new rate for the Cathedral Square Towers would be
166 the Medium General Service rate, as it is set forth on Sheet 10, where the Schedule is “applicable
167 to multiple-occupancy buildings when the tenants or occupants of the building are furnished with
168 electric service on a rent inclusion basis.” The rate is not governed by Schedule R, beginning on
169 Sheet 5, as the tariff provides that “for secondary electric service through one meter, at one point

170 of delivery to a single metered multiple-occupancy residential building: The total monthly bill to
171 each such building to which service is delivered and metered at one point shall consist of the
172 customer charge multiplied by total number of residence units plus each kilowatt hour step shall
173 be multiplied by total number of residence units and calculated on the Residential Service Rate
174 Schedule. This paragraph applies only to single metered multiple-occupancy buildings served as
175 such prior to June 1, 1981.” The Cathedral Square Towers building was not served by a single
176 meter prior to June 1, 1981, and the preceding paragraph, as specifically written, applies “only to
177 single metered multiple-occupancy buildings served as such prior to June 1, 1981.”

178 **Q. The Residential Service Rate Schedule would not apply to the single master meter if**
179 **installed in the Cathedral Square Towers pursuant to a variance granted by the**
180 **Commission?**

181 A. No, it would not, because that paragraph “applies only to single metered multiple-
182 occupancy buildings served as such prior to June 1, 1981”, and Cathedral Square Towers has not
183 had a single metered multiple-occupancy building served as such prior to June 1, 1981.

184 **Q. Will the single meter reduce the operating costs to CSC?**

185 A. Yes.

186 **Q. How much will the single meter reduce the operating costs to CSC?**

187 A. Having a single master meter for Cathedral Square Towers, compared to having multiple,
188 individual meters for each apartment unit for the Tower, will likely reduce CSC’s annual
189 operating costs by \$40,872.

190 **Q. Did ESP review any documentation or any information in reaching the conclusion**
191 **that the single master meter for the Cathedral Square Towers would reduce the annual**
192 **costs to CSC?**

193 A. Yes, we reviewed the KCP&L tariffs on file with the Commission; we reviewed the
194 positions taken by KCP&L through their representatives' testimony on the variance and the rate
195 classification in the hearing in the *WST, Inc.* Case No. EE-2006-0123; and we reviewed various
196 invoices that KCP&L billed CSC for electric consumption.

197 **Q. Did you reach any conclusions from your review of the KCP&L tariffs regarding**
198 **the costs to CSC for electric consumption?**

199 A. Yes, that the costs would be reduced with a single master meter because of the change of
200 the rate and a significant reduction in meter charges. For instance, if you look at Sheet No. 5A,
201 the Customer Charge is \$9.00 per month, and the Energy Charge (Per kWh) is \$.09914 for the
202 first 600 kWh per month in the Winter Season, and \$0.11028 in the Summer Season. That is the
203 Residential Service Rate Schedule, which is what CSC is presently billed for electric
204 consumption at Cathedral Square Towers. However, should the Commission grant the variance,
205 CSC would not be billed at the residential rate, nor would it be billed that customer charge of
206 \$9.00 if the variance to the KCP&L tariffs is granted by the Commission.

207 **Q. I have provided you with copies of invoices from KCP&L to CSC, which are**
208 **marked as Exhibit D. Are these some of the invoices that you have reviewed in connection**
209 **with your testimony today?**

210 A. Yes.

211 **Q. What do the invoices show?**

212 A. First, the substance and length of the KCP&L invoices for 156 units demonstratively
213 shows that it takes a substantial amount of time for anyone, including me and CSC, to review
214 each and every month. Second, the invoices show how substantially low the usage of electricity
215 is for the residents. The average usage varies, with some units as low as 59 kilowatt hours

216 (kWh) in Apartment 600, to as high as 441 kWh in Apartment 409. The monthly invoices reflect
217 an average of 250 kWh, which is substantially low. They are all well below average for normal
218 electric consumption. Third, they show that the rate being charged is pursuant to the Residential
219 Service Rate Schedule, with a Customer Charge of \$9 per month, and the Energy Charge
220 \$.09914 for the Winter Season. For example, Apartment 805, 424 W. 12th Street, used 151 kWh
221 of electricity for service from 10/12/2011 to 11/09/2011. The Customer Charge is \$9.00 and the
222 Energy Charge is \$14.97. 151 of kWh, multiplied by \$.09914 is \$14.97. That is the Residential
223 Service Schedule Rate is set forth on Sheet No. 5A of the tariff shown in **Exhibit C**.

224 **Q. What would the rate be if the meter were consolidated?**

225 A. The Rate would be as set forth in the Medium General Service set forth on Sheet No. 10A
226 in Exhibit C, which CSC would pay less in Energy Charge, and the Demand Charge, Facilities
227 Charge and Customer Charge would all be less than the \$9 Customer Charge at the Residential
228 Rate for each of the 156 residential units.

229 **Q. How did you arrive at the nearly \$41,000 cost reduction from the meter**
230 **consolidation?**

231 A. The \$41,000 is on current rates that went into effect May 4, 2011. We originally believed
232 the cost savings to be approximately, \$38,000, but that amount has increased based upon the
233 current rates. I believe the change of service rate would reduce CSC's electricity charges by
234 \$12,764 per year based upon the difference between the Medium General Service Rate shown on
235 Sheet No. 10A, and the Residential Rate shown on Sheet 5A. I believe that the annual meter
236 charges/fees are currently in the amount of \$16,848 and the annual late fees billed by KCP&L is
237 approximately \$1,900 per year, both of which would be substantially reduced because of the
238 master meter. The administrative costs that CSC incurs in reviewing and paying the electric bills

239 to KCP&L is \$9,630, which results from a calculation of 15 minutes of processing per bill, at the
240 rate of \$20/hour of administrative time.

241 **Q. Did you perform any other research in connection with your testimony and opinions**
242 **regarding this case?**

243 A. Yes. I researched other projects and applications where variances were granted by the
244 Commission regarding the individual metering requirement, such as Brentmoor at Oaktree,
245 River's Edge, Case No. EE-2004-0267 and EE-2004-0268, and Wallstreet Tower in Kansas City,
246 Case No. EE-2006-0123, as well as the variances granted in cases EE-2001-663; EE-2003-0365;
247 EE-2004-0092; EE-2003-0199; and EE-2003-0282. I informed KCP&L by email on September
248 24, 2009 that, much like the Brentmoor at Oaktree and River's Edge facilities that were granted a
249 variance by the Commission, Cathedral Square Towers is specifically designed to provide
250 affordable housing for low-income people; the facility includes extensive common areas for
251 socialization and activities, including a cafeteria area and kitchen; residents must either be at
252 least 62 years of age or handicapped at Cathedral Square Towers. All of the factors addressed by
253 the Commission in Brentmoor at Oaktree that led to the granting of the variance are also met by
254 CSC in Cathedral Square Towers.

255 **Q. Did KCP&L respond to your request for the waiver/variance?**

256 A. Yes, Monique Stevenson with KCP&L wrote ESP on October 5, 2009, 11:03am by
257 email, copying William Foreman, Cliff Cohn, Bob Miller and Tim O'Kane, and stated, "I'm
258 attaching Regulatory's response to your request to consolidate metering at Cathedral Square
259 Tower: 'In researching the request of Cathedral Square Towers, to consolidate to one meter,
260 several cases were reviewed in which variances were issued. The variances issued involved
261 situations in which the buildings were either new construction or under some type of renovation

262 and the individual meters had not yet been installed. Cathedral Square Towers already has the
263 separate meters installed. Missouri Code of State Regulations rule 4 CSR240-20.050 and the
264 KCP&L MO rules and regulations specifically sections 5.03 - 5.08 were reviewed. We agree the
265 MO rule 4 CSR 240-20.050 does not apply to the Cathedral Square Towers building because of
266 the date in which it has been stated it was built. However, the company rules and regulations do
267 apply and we do not believe Cathedral Square Towers meets any of the exceptions to these rules.
268 Since we do not find any of the exceptions apply we are unable to allow a meter consolidation
269 without a waiver to the company rules and regulations.’ As stated in earlier conversations, I
270 believe that a variance will need to be obtained from the Missouri Commission. Don’t hesitate
271 to contact me if you have further questions or concerns.”

272 **Q. In connection with, and preparation for, your expert opinion and fact testimony**
273 **that you are giving today, have you reviewed KCP&L’s *Response to Application for***
274 ***Variance of the Cathedral Square Corporation* that it filed on December 7, 2011 with the**
275 **Commission on this case?**

276 A. Yes.

277 **Q. I am providing you with a copy of that *Response to Application for Variance of the***
278 ***Cathedral Square Corporation* from KCP&L, which is marked as Exhibit E. Is this the**
279 **document that you are referring to that you reviewed in connection with your testimony**
280 **given today?**

281 A. Yes.

282 **Q. Do you agree with KCP&L that CSC’s application for variance to allow for the**
283 **single master meter does not provide the support necessary for a variance from KCP&L’s**
284 **tariffs?**

285 A. No, I disagree with KCP&L’s position. The CSC application clearly demonstrates that
286 good cause exists for the Commission to grant the variance, considering my testimony given
287 today, including, without limitation, (a) that the residents are low-income elderly and disabled
288 who cannot afford to live in a similar place like Cathedral Square Towers which is provided for
289 charitable purposes by CSC to serve the Kansas City, Missouri community; (b) the residents do
290 not have any incentives to conserve electricity even with individual meters; (c) the residents are
291 not wasteful consumers of electricity, and in fact, do conserve electricity; (d) CSC needs every
292 cost savings it can achieve, such as that which the variance will accomplish, in order to continue
293 providing the residential facilities to the low-income elderly and disabled at the rent that those
294 residents can afford; (e) the “no” position taken by KCP&L in a previous case before the
295 Commission regarding individual metering variance requests is inconsistent with its opposition
296 to the CSC case, especially considering the WST users were high-end residential condominiums
297 (far from low-income elderly and disabled); and (f) considering the position taken by KCP&L in
298 Case No. EE-2006-0123 that the variance granted to the individual metering requirement would
299 necessitate a change in the rate classification, from residential to commercial, as well.

300 **Q. Do you agree with KCP&L that a change in the metering will not change the rate**
301 **from Residential to Medium General Service Rate?**

302 A. No, the change in metering to a single master meter will in fact change the rate from
303 Residential to Medium General Service Rate.

304 **Q. What do you base that opinion and belief on?**

305 A. My review of the KCP&L Tariffs, as well as prior statements made by representatives of
306 KCP&L in connection with another application for a variance to the same KCP&L tariffs that are
307 at issue in the CSC Application. I reviewed the transcript of the Hearing in Case No. EE-2006-

308 0123, *WST, Inc.*, which KCP&L relies upon in its *Response to Application for Variance of the*
309 *Cathedral Square Corporation*, in an effort to distinguish CSC’s application for variance from
310 the variance that the Commission granted to WST, Inc.. In connection with my review of the
311 transcript of the hearing in Case No. EE-2006-0123, I discovered that KCP&L representatives
312 took the position in their testimony that the approval of the variance to allow a single master
313 meter for 144 residential condominiums in WST Inc.’s high rise building in downtown Kansas
314 City would also result in - and necessitate a change to - the Rate Schedule.

315 **Q. I am handing you what has been marked as Exhibit F. Is this the copy of the**
316 **transcript of the hearing on Case No. EE-2006-0123 that you reviewed in connection with**
317 **your testimony and opinion rendered for this case?**

318 A. Yes.

319 **Q. What specific testimony are you referring to?**

320 A. According to the transcript of the hearing before the Commission, Tim Rush, Director of
321 Regulatory Affairs of KCP&L, appeared and testified on behalf of KCP&L. At the hearing, the
322 Commission asked Mr. Rush, “Does Kansas City Power & Light have a position whether the
323 Commission grants or does not grant the application for variance that WST has requested?” In
324 his response, Mr. Rush stated “We do not. We would prefer that be a decision for the
325 Commission to make.” (See Page 65 at lines 12-16 of the Transcript of Proceedings, Exhibit F.)

326 This position was again confirmed when Chairman Davis asked, “KCP&L, your position
327 is that you have no position; is that correct?” (Page 90, at 8-9). To which Mr. Blanc of KCP&L
328 responded “We believe it is a policy determination best made by the Commission, whether or not
329 to permit master metering for this building. We think that we can’t provide master metering
330 service under the terms of our tariff, but defer to the Commission’s policy-making authority to

331 determine that issue.” (Page 90, at 10-15.) Mr. Blanc went onto state “We’re not trying to be
332 cute or difficult, it’s just that we don’t think we’re in the right position to make that
333 determination.” (Page 90, lines 17-19).

334 I believe that the Transcript in Exhibit F makes it very clear that at the hearing, KCP&L
335 representatives confirmed that the WST master metering would indeed qualify for and receive
336 commercial customer status, pursuant to the commercial rate schedule. In support of that belief,
337 I refer you to the following exchange between the Commission and KCP&L’s representatives,
338 beginning at Page 86, line 19, and proceeding through Page 89, line 16 of the Transcript (Exhibit
339 F):

340 Page 86, line 19: MR. BLANC (KCP&L): Also, we would seek the clarification that it is
341 our opinion that if we were to serve a master meter building, that it would be pursuant to our
342 commercial rate schedule with the applicable terms and conditions of service that apply to that,
343 most notably the discontinuing of service provisions, and we would ask for a clarification that
344 that was the appropriate rate schedule.

345 Page 87, line 12: JUDGE WOODRUFF (MPSC): Thank you, sir. I have a couple of
346 questions for you that were brought up in your closing statement here. It’s my understanding
347 that KCP&L’s position would be that if this variance is granted, that the condominium owners
348 association would be that commercial client.

349 Page 87, line 18: MR. BLANC: Correct.

350 Page 87, line 21: CHAIRMAN DAVIS: Is that your preference?

351 Page 87, line 22: MR. BLANC: If it’s master metered, I think that’s what we need to do,
352 that it’s a commercial customer in that instance, and it would be pursuant to our commercial rate

353 schedule. So assuming master metering is permitted, our preference would be the commercial
354 rate schedule.

355 Page 88, line 2: JUDGE WOODRUFF: Is commercial rates higher than residential rates?

356 Page 88, line 4: MR. BLANC: I believe the demand charges are higher, but the usage
357 charges are less.

358 Page 88, line 6: MR. RUSH: Overall, their charge will be less per – it's according to how
359 you measure, but per kilowatt hour, it would probably be less.

360 Page 88, line 9: JUDGE WOODRUFF: Okay. Do you know which particular tariffs
361 would need to be varied from?

362 Page 88, line 11: MR. RUSH: Whatever the applicable – we don't know what their usage
363 would be on the residential – on the total aggregate of all these residents, so we would have to
364 determine, you know, whatever the appropriate commercial rate would be.

365 Page 90, line 23: CHAIRMAN DAVIS: Okay. So hypothetically speaking, if we did say
366 we wanted to grant the master metering request, you'd want to charge the commercial rate; is
367 that correct?

368 Page 91, line 2: Mr. BLANC: Right, because we would view the customer to be the
369 homeowner's association –

370 Page 91, line 4: CHAIRMAN DAVIS: Right.

371 Page 91, line 5: MR. BLANC: -- which is a corporate entity.

372 Page 91, line 6: CHAIRMAN DAVIS: All right. And demand charge would be less, but
373 the actual charge – or no, the demand charge would be more, but the actual usage charges per
374 kilowatt hour would be less; is that correct?

375 Page 91, line 10: MR. BLANC: Correct.

376 Page 91, line 11: CHAIRMAN DAVIS: And you're saying that – your expert is saying that
377 that is a wash, correct? Or might even be an actual benefit to the ratepayers?

378 Page 91, line 14: MR. BLANC: My understanding is it will be – they will end up paying
379 less than they would under a strict residential rate.

380 Page 93, line 25: MR. BLANC: Correct, and we believe if the Commission clarifies that
381 the commercial rate applies in that the association was the customer, that would address that
382 issue, that there are terms and conditions of service that go along with our commercial rates, and
383 in that instance, if the homeowner's association didn't pay the bill, we would notify the
384 homeowner's association, and if they didn't cure, we would discontinue service."

385 **Q. Did you review the Report and Order issued by the Commission on the WST case?**

386 A. Yes. In its Report and Order issued October 19, 2005 at page 14, the Commission
387 summed up the foregoing testimony, and found that "KCP&L indicates that if a master meter is
388 permitted for this building, it would be appropriate for KCP&L to provide service to the
389 condominium owners association under its commercial rate schedule, including the terms and
390 conditions of service that apply to that rate."

391 **Q. I am providing you with a copy of a Report and Order on Case No. EE-2006-0123,**
392 **marked as Exhibit G, which indicates it was issued by the Commission on the WST case. Is**
393 **this the copy that you reviewed in connection with your expert opinion and testimony on**
394 **this case that the granting of a variance to KCP&L's tariffs to allow the master metering**
395 **would also necessitate a change in Rate classification to Medium General Service Rate?**

396 A. Yes.

397 **Q. Do you believe it is necessary to the viability of the operations of the Cathedral**
398 **Square Towers that the Public Service Commission grant CSC its variance to the necessary**

399 **KCP&L tariffs to allow for the single, master metering of electricity at Cathedral Square**
400 **Towers?**

401 A. Yes. It is vitally important for CSC to take all available actions that will reduce its
402 operating costs, specifically cost consuming systems such as the individual electric metering
403 system. Decreasing CSC's overhead costs in the operation of the Cathedral Square Towers for
404 the low-income elderly and disabled, which the variance will do, will help to ensure that CSC
405 continues to be able to provide these essential residential services to the low-income, elderly and
406 disabled community of the Kansas City, Missouri metropolitan area, which will benefit CSC, the
407 residents, and the entire community of Kansas City. In granting the variance, I believe that the
408 energy conservation goals of the Public Utilities Regulatory Policies Act of 1978 will be
409 achieved.

410 **Q. Do you believe that the Commission should also order that the KCP&L Rate**
411 **Classification for the electric consumption at Cathedral Square Towers should be changed**
412 **to commercial, Medium General Service Rate?**

413 A. Yes.

414 **Q. Does this conclude your testimony?**

415 A. Yes, it does.

416 **Q. Thank you. I have no further questions at this time for this witness.**

417 Dated this 14 day of February, 2012.

418 Signature: 
419 _____
420 Jeffrey G. Flathman
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424 **BEFORE THE PUBLIC SERVICE COMMISSION**
425 **OF THE STATE OF MISSOURI**

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**In the Matter of the Application of)
The Cathedral Square Corporation,)
a Missouri Non-Profit Corporation,)
For a Variance from Kansas City)
Power & Light Company’s)
General Rules and Regulations)
Requiring Individual Metering)**

Case No. EO-2012-0141

AFFIDAVIT OF JEFFREY G. FLATHMAN

**STATE OF KANSAS)
) SS
COUNTY OF JOHNSON)**

Jeffrey G. Flathman, being duly sworn on his oath, states:

1. My name is Jeffrey G. Flathman. I am employed by Energy Solutions Professionals, LLC and am the President of the Company.

2. Attached hereto and made apart hereof by reference as if fully set forth herein, for all purposes is my Direct Testimony on behalf of The Cathedral Square Corporation, Inc., including all attached Exhibits which are also attached hereto and made apart hereof by reference as if fully set forth herein, said Direct Testimony having been prepared in written form for introduction as evidence on and for Case No. EO-2012-0141, styled *In the Matter of the Application of The Cathedral Square Corporation, a Missouri Non-Profit Corporation, for a Variance from Kansas City Power & Light Company’s General Rules and Regulations Requiring Individual Metering.*

3. I have knowledge of the matters set forth herein. I hereby swear and affirm that my answers set forth herein are given under oath, that I solemnly have sworn to tell the truth, the whole truth, and nothing but the truth, so help me God, and that my answers given to the

459 questions propounded by counsel for The Cathedral Square Corporation, Inc., including all
460 Exhibits, are true and accurate to the best of my knowledge, information and belief.

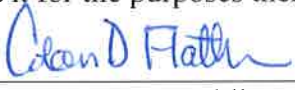
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Jeffrey G. Flathman

468 On this 14th day of February, 2012, before me, a Notary Public, in and for this state,
469 personally appeared Jeffrey G. Flathman, who is known to me to be the person who executed the
470 within instrument and acknowledged that he executed it for the purposes therein stated.

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Notary Public

474 My commission expires:

475 August 13, 2015
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492 WHEREFORE, Applicant, The Cathedral Square Corporation, Inc., hereby respectfully
493 submits the foregoing Direct Testimony of Jeffrey G. Flathman and the incorporated Exhibits for
494 introduction into evidence on this case.

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Respectfully submitted,

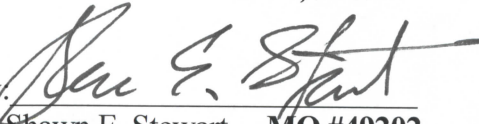
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STEWART LAW FIRM, L.C.

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By: 
Shawn E. Stewart MO #49202

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8347 Melrose Drive
Overland Park, Kansas 66214
Telephone: (913) 302-6517
Facsimile: (913) 307-3497

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ATTORNEY FOR APPLICANT

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509

510

CERTIFICATE OF SERVICE

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512

513 This is to certify that on this 14th day of February, 2012, a copy of the foregoing was sent
514 via electronic mail to:

515

KANSAS CITY POWER & LIGHT
ROGER W. STEINER
1200 Main Street
P.O. Box 418679
Kansas City, MO 64105-9679
roger.steiner@KCP&L.com
ATTORNEYS FOR KCP&L

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MISSOURI PUBLIC SERVICE COMMISSION
John Borgmeyer, Legal Counsel
Staff Counsel Division
Missouri Public Service Commission
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Fax: (573) 751-9285
john.borgmeyer@psc.mo.gov

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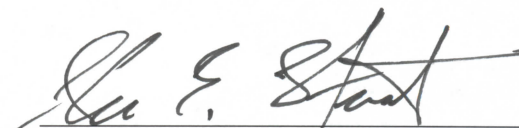
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Shawn E. Stewart