

Exhibit No.:
Issues: Demand-Side
Management Programs
Witness: Brad J. Fortson
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: EM-2016-0213
Date Testimony Prepared: July 20, 2016

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCE DEPARTMENT

REBUTTAL TESTIMONY

OF

BRAD J. FORTSON

**THE EMPIRE DISTRICT ELECTRIC COMPANY,
LIBERTY UTILITES (CENTRAL) CO., AND LIBERTY SUB CORP.**

CASE NO. EM-2016-0213

*Jefferson City, Missouri
July 2016*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **BRAD J. FORTSON**

4 **THE EMPIRE DISTRICT ELECTRIC COMPANY,**
5 **LIBERTY UTILITES (CENTRAL) CO., AND LIBERTY SUB CORP.**

6 **CASE NO. EM-2016-0213**
7

8 Q. Please state your name and business address.

9 A. My name is Brad J. Fortson, and my business address is Missouri Public
10 Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

11 Q. Please state your educational background and experience.

12 A. These are contained in Schedule BFJ-r1.

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

14 A. My rebuttal testimony will address The Empire District Electric Company's
15 ("Empire") Demand-Side Management (DSM) programs.

16 Q. Did the *Joint Application of the Empire District Electric Company, Liberty*
17 *Utilities (Central) Co., and Liberty Sub Corp. and Contingent Request for Waiver*
18 *("Application")* or any of the corresponding direct testimony¹ filed on March 16, 2016,
19 include any discussion or recommendation concerning Empire's DSM programs?

20 A. No. The *Application* and direct testimony were silent on Empire's
21 DSM programs.

¹ Case No. EM-2016-0213, EFIS Item No. 6 – 10.

1 Q. What is the current status of Empire’s DSM programs?

2 A. On June 20, 2016, a *Stipulation and Agreement* (“*Stipulation*”)² was filed in
3 Case No. ER-2016-0023 in which all parties including the Missouri Public Service
4 Commission Staff (“Staff”), with the exception of the Midwest Energy Users’ Association
5 (MEUA), agreed to the settlement of all contested issues in the case, including Empire’s DSM
6 programs. On June 21, 2016, a *Joinder in Settlement* was filed by MEUA to include them as
7 a signatory to the *Stipulation*. The *Stipulation* specifies terms and conditions concerning
8 Empire’s current DSM programs as well as Empire’s agreement for future DSM programs.
9 The specific terms and conditions are found in Schedule BJJ-r2.

10 Q. Has the Missouri Public Service Commission (“Commission”) ruled on
11 the *Stipulation*?

12 A. No.

13 **STAFF’S RECOMMENDATION FOR EMPIRE’S DSM PROGRAMS**

14 Q. What is Staff’s recommendation concerning Empire’s DSM programs?

15 A. Staff recommends the Commission, in its order in Case No. EM-2016-0213,
16 order that Empire comply with any Commission order in Case No. ER-2016-0023
17 regarding DSM programs.

18 Q. Does that conclude your testimony?

19 A. Yes.

² Case No. ER-2016-0023, EFIS Item No. 172.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric)
Company, Liberty Utilities (Central) Co.) Case No. EM-2016-0213
And Liberty Sub Corp. Concerning an)
Agreement and Plan of Merger and Certain)
Related Transactions)

AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
)) ss.
COUNTY OF COLE)

COMES NOW Brad J. Fortson on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

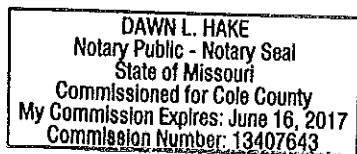
Further the Affiant sayeth not.

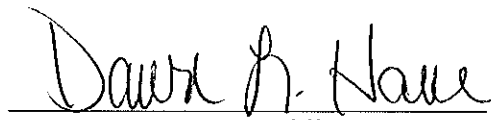


BRAD J. FORTSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 19 day of July, 2016.





Notary Public

Brad J. Fortson

Education and Employment Background

I am a Regulatory Economist in the Energy Resources Department, Commission Staff Division of the Missouri Public Service Commission. I have been employed at the Missouri Public Service Commission as a Regulatory Economist from December 2012 through March 2015 and August 2015 through current.

I received an Associate of Applied Science degree in Computer Science in May 2003, Bachelor of Science degree in Business Administration in May 2009, and Master of Business Administration degree with an emphasis in Management in May 2012, all from Lincoln University, Jefferson City, Missouri.

Prior to first joining the Commission, I worked in various accounting positions within four state agencies of the State of Missouri. I was employed as an Account Clerk II for the Inmate Finance Section of the Missouri Department of Corrections; as an Account Clerk II for the Accounts Payable Section of the Missouri Department of Health and Senior Services; as a Contributions Specialist for the Employer Accounts Section of the Missouri Department of Labor and Industrial Relations; and as an Accountant I for the Payroll Section of the Missouri Office of Administration. From April 1 through July 31, 2015, I worked for the Missouri Office of Public Counsel before joining the Commission once again.

Brad J. Fortson

Case Participation History

Case Number	Company	Issue	Exhibit
HT-2013-0456	KCP&L Greater Missouri Operations Company	Quarterly Cost Adjustment	Staff Memorandum
HR-2014-0066	Veolia Energy Kansas City	Revenue by Class and Rate Design	Staff Report
HR-2014-0066	Veolia Energy Kansas City	Recommendation of tariff approval	Staff Memorandum
GR-2014-0086	Summit Natural Gas of Missouri, Inc.	Large Volume Service Revenue	Staff Report
HT-2014-0286	KCP&L Greater Missouri Operations Company	Quarterly Cost Adjustment	Staff Memorandum
ER-2015-0132	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Rebuttal & Surrebuttal
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Staff Report
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Rebuttal
EO-2015-0240	Kansas City Power & Light Company	Custom Program Incentive Level	Direct Testimony
EO-2015-0241	KCP&L Greater Missouri Operations Company	Custom Program Incentive Level	Direct Testimony
ET-2016-0145	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0146	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0152	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
EO-2015-0240	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
EO-2015-0241	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Rebuttal & Surrebuttal
ET-2016-0268	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0269	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
JE-2016-0344	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum

12. Current DSM / Energy Efficiency: The Signatories agree that the Company's current Demand Side Management ("DSM") programs will continue to be offered, with the total annual budget for all DSM programs remaining at \$1.25 million.

a. The incentive structure for the current Commercial and Industrial ("C&I") program will be modified to a range of \$0.06 to \$0.10/kWh of first year energy savings, which the Company can adjust to maximize program participation.

b. Remaining DSM portfolio funds for the 2016 calendar year not anticipated to be used by residential programs may be utilized by the C&I program, so that the C&I program will again be made available to customers as soon as possible following Commission approval of this Stipulation.

c. The Company will spend at least 5% of the annual DSM budget on marketing DSM programs other than C&I and will report quarterly marketing expenditures in its quarterly reports to the DSM Advisory Group ("DSMAG").

d. Rates shall be designed so that DSM expenditures will be collected from the Residential and C&I rate groups according to which groups those programs are offered.

e. Current regulatory asset treatment and rate base inclusion for costs will be continued.

f. The Signatories agree that the current DSM programs will be discontinued when the Company's new DSM program tariffs become effective. Pursuant to paragraph 13 below, the new DSM programs shall take effect on January 1, 2017, or as soon as possible after January 1, 2017.

13. Planned DSM / Energy Efficiency: The Signatories agree that between the effective date of this Stipulation and January 1, 2017, or as soon as possible after January 1, 2017, they will work together through the existing DSMAG to develop four (4) new DSM programs, namely, a Residential HVAC, a C&I custom rebate, a low-income multi-family, and either a non-low-income multi-family, single family low-income or an on-bill financing program targeted at low-income families.

a. The DSMAG will model these programs to the extent possible on existing programs in the state of Missouri and/or other best practices identified by the DSMAG.

b. Each program developed will include a proposed annual budget, energy and demand savings target(s), and marketing strategy.

c. All programs will have impact and process evaluation, measurement and verification (“EM&V”) performed by a third party independent contractor for the first two (2) full program years at a budget of 5% of the actual expenditures for the two (2) full program years.

d. The DSMAG will investigate Pay As You Save (“PAYS”) Financing and similar programs, the feasibility of administering PAYS Financing and similar programs in Empire’s service territory, and Empire will arrange for a presentation on PAYS Financing or a similar program at a Commission Agenda meeting.

e. Signatories agree that the Company will implement these or similar programs on January 1, 2017, or as soon as possible after January 1, 2017.

f. Signatories agree that the programs implemented on January 1, 2017, or as soon as possible after January 1, 2017, will have a term of not less than two (2) years.

g. Current regulatory asset treatment and rate base inclusion for costs will be continued as specified in Paragraph 15.

h. If the Commission orders a low-income rate pilot program in this case, the cost of the program will also receive regulatory asset/rate base treatment as specified in Paragraph 15.

14. **DSM Regulatory Asset:** The Signatories agree that Empire will continue amortization of the DSM regulatory asset for costs incurred during the Regulatory Plan, Case No. EO-2005-0263, for a total term of ten (10) years.

15. **DSM Program Costs:** The Signatories agree Empire will continue amortization for the DSM program costs incurred after the end of the Regulatory Plan and prior to any program implementation under MEEIA for a total term of six (6) years.