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MISSOURI PUBLIC SERVICE COMMISSION

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2014-0370

SURREBUTTAL TESTIMONY

OF

JANE LOHRAFF

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

June 5, 2015

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please state your name and business address.**

3 A. Jane Lohraff, 301 West High Street, Suite 720, Jefferson City, Missouri 65102.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by the Missouri Department of Economic Development, Division of
6 Energy (DE) as an Energy Policy Analyst.

7 **Q. Have you previously filed testimony in this case?**

8 A. Yes, on April 16, 2015 I filed direct testimony in Kansas City Power & Light Company
9 (KCP&L)'s Case Number ER-2014-0370 regarding alignment of utility incentives with
10 energy efficiency and standby service for self-generating customers.

11 **Q. Do you have any revisions to note from your direct testimony?**

12 A. Yes. I'd like to amend my statement on page 14, lines 18-19 to reflect that the 2013
13 revision to KCP&L's Standby Service for Self-Generating Customers, Schedule SGC
14 Tariff simply updated a program name and has no substantive impact on my conclusions
15 or recommendations.

16 **Q. What information did you review in preparing this testimony?**

17 A. I reviewed the parties' rebuttal testimony addressing economic development riders and
18 KCP&L's standby service tariff.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimonies of 1)
21 Mr. Brubaker, filed on behalf of the Missouri Industrial Energy Consumers and Midwest
22 Energy Consumers' Group (MIEC/MECG), and 2) Mr. Rush, filed on behalf of KCP&L.

1 **II. RESPONSE TO THE REBUTTAL TESTIMONY OF MR. BRUBAKER**

2 **Q. Does Mr. Brubaker oppose your recommendation to align receipt of Economic**
3 **Development Rider and Urban Core Development Rider (EDR/UCD) financial**
4 **benefits with participation in applicable, cost-effective Company energy efficiency**
5 **programs?**

6 **A.** Yes. Mr. Brubaker is opposed to this opportunity to align utility financial incentives with
7 energy efficiency.

8 **Q. What reason was given for Mr. Brubaker's opposition to your recommendation?**

9 **A.** As stated on page 22, lines 3 - 5 of his Rebuttal Testimony, Mr. Brubaker incorrectly
10 asserts that it would "...require participation in a program without any demonstration that
11 the energy efficiency measures offered by the utility are *applicable* to and would be *cost-*
12 *effective...*"(emphasis added).

13 **Q. Please address Mr. Brubaker's assertion that implementation of your**
14 **recommendation might require participation in a program that is not *applicable* to**
15 **or *cost effective* for the potential customer.**

16 **A.** In this context, the term applicable means the intersection of the existing, available
17 KCP&L energy efficiency programs and the opportunity for improved efficiency at the
18 customer-specific facility. In this context, the term cost-effective means a payback
19 period of five years or less. As stated on page 6, lines 10-13, of my April 16, 2015 Direct
20 Testimony, "Only those measures that are both applicable and have an incremental
21 payback of five years or less would become part of the EDR/UCD. If there are no
22 applicable measures identified, or the identified measures cannot meet the payback
23 criteria, no energy efficiency measures would be required to receive EDR/UCD benefits."

1 **Q. Can you provide examples of potentially applicable energy efficiency**
2 **measures that would and would not meet the cost-effective definition?**

3 **A. Yes. Table 1, shown below, illustrates two examples of measures implemented**
4 **by KCPL customers participating in the Company's energy efficiency programs.**

5 **Table 1. Energy Efficiency Measures and Associated Cost, Savings, Rebate, and**
6 **Recovery Period.**

Customer Class	Large General Service (LGS)	Large Primary Service (LPS)
Measure	Replaced (120) 4 foot 4 lamp T12 With (120) 4 foot 2 lamp T12 with reflector kit	Replaced (10) 400w MH fixtures with (10) 190 w LED fixtures and (9) 250 w MH fixtures with (10) 20w LED
Total Cost	\$11,138	\$19,051
Annual Savings	\$1,910	\$1,129
Rebate	\$5,569	\$9,525
Full Recovery	2.9 years	8.4 years

7 The LGS customer in Table 1 implemented applicable measures which had a pay-back of
8 2.9 years. Under my recommendation, an EDR/UCD customer who had not already
9 implemented such a measure would be required to. The LPS customer in Table 1
10 implemented applicable measures which had a pay-back of 8.4 years. Under my
11 recommendation, an EDR/UCD customer who had not already implemented such a

1 measure would not be required to implement the measure because the pay-back period
2 exceeds 5 years.

3 **Q. In addition to consideration of energy efficiency measures required under your**
4 **proposal, is it possible that KCP&L EDR/UCD customers could receive additional**
5 **benefits from voluntarily implementing additional measures under KCPL's**
6 **programs?**

7 **A.** Yes. Table 2 illustrates actual examples of measures implemented by EDR/UCD
8 customers. These examples did not meet a 5 year pay-back and thus would not be
9 required to receive EDR/UCD benefits under my proposal, but would be available to the
10 customer on an optional basis.

11 **Table 2.** KCP&L EDR/UCD Customer Class, Energy Efficiency Measures and
12 Associated Cost, Savings, Rebate, and Recovery Period.

Customer Class	Medium General Service	Primary General Service
Measure	Replace HVAC with updated unit. Savings from 3 phase SEER 13 condensers	Replace (3751) 400 w HID with (683) 4 lamp T5HO and (3128) 5 lamp T5HO
Total Cost	\$54,948	\$1,151,933
Incremental Cost	\$7292	\$1,151,933
Annual Savings	\$328	\$215,715
Rebate	\$3646	\$41,821 (maximum/yr)
Full Recovery	11.1 years	5.1 years

1 The fact that these EDR/UCD customers found it in their business interest to take
2 advantage of the Business Energy Efficiency Program with a longer than five year
3 payback supports the reasonableness of my recommendation.

4 **Q. If EDR/UCD customers, such as those in Table 2, voluntarily participated in**
5 **existing Company-offered energy efficiency programs, why make participation**
6 **required, as outlined in your recommendation?**

7 A. While the EDR/UCD customers cited in Table 2 recognized the benefits of Missouri
8 Energy Efficiency Investment Act (MEEIA) participation, other potential EDR/UCD
9 customers may not be aware of applicable programs or may not recognize the potential
10 benefit. Also, potential EDR/UCD applicants may not assign the same value as the
11 Commission in ensuring that new or expanded load is achieved efficiently, thus
12 benefiting all customers.

13 **Q. Please clarify your position with regard to existing opt-out customers who are**
14 **adding a new facility or significantly expanding an existing facility and are**
15 **interested in receiving EDR/UCD benefits.**

16 A. The MEEIA rule states that customers with individual accounts with a demand of 5,000
17 kW or greater may opt-out of demand side programs (4CSR 240-20.093(6)(A)1). If
18 those customers meet the EDR/UCD eligibility criteria, they may receive EDR/UCD
19 lower rate benefits without paying the MEEIA charge. Customers with a coincident
20 demand greater than 2,500 kW are eligible for opt-out upon demonstration that they are
21 implementing all energy efficiency measures (4CSR 240-20.093(6)(A)3). If those
22 customers meet the EDR/UCD eligibility criteria, they may receive EDR/UCD lower rate
23 benefits without paying the MEEIA charge.

1 **Q. If new customers, which are the focus of the economic development riders, or**
2 **existing customers that have not previously opted-out can document that they are**
3 **implementing all possible energy efficiency measures, and none of the MEEIA**
4 **Program offerings are applicable and cost effective, would they be eligible for the**
5 **EDR/UCD?**

6 A. Yes. They would be eligible for the EDR/UCD.

7 **Q. Please address Mr. Brubaker's assertion that MEEIA statutory authorization for**
8 **"opt-out" trumps "policy" principles.**

9 A. I disagree that there is conflict between the opt-out provisions and asking EDR/UCD
10 customers to use energy efficiently while receiving significantly discounted rates. My
11 recommendation is consistent with MEEIA in that an opt-out customer is not obligated to
12 participate in an EDR/UCD or obligated to participate in MEEIA. The Commission has
13 authority to determine reasonable eligibility criteria to ensure that all customers benefit
14 from the substantial discounts afforded to EDR/UCD recipients.

15 **Q. Please address Mr. Brubaker's comment that the Commission recently considered**
16 **the same issue (EDR/UCD MEEIA participation).**

17 A. Mr. Brubaker is correct that the Commission chose not to make participation in MEEIA a
18 requirement for receiving service through Ameren Missouri's economic development
19 riders in the recent Ameren case. However, Mr. Brubaker failed to acknowledge that the
20 Commission found it worthwhile to establish a collaborative to look at the economic
21 development rider issue more closely. Clearly EDR/UCD *participation* levels have been
22 low and the causes deserve further consideration. This does not diminish the benefit of

1 linking EDR/UCD participation with KCP&Ls energy efficiency programs, which is a
2 common sense step that can be taken now.

3 **Q. Please address Mr. Brubaker's assertion that the tariff examples provided from**
4 **other states that link energy efficiency to economic development riders do not**
5 **support my recommendation.**

6 A. On page 24, lines 2-13 of his Rebuttal Testimony, Mr. Brubaker inaccurately represents
7 my testimony by exchanging my word "link" (page 11, line 1 of my Direct Testimony),
8 with his phrase "mandatory participation." My point remains that Missouri is not the first
9 state to link energy efficiency measures with economic development rider conditions.
10 The Indiana utility tariff example includes "the use of high efficiency end-use equipment
11 and construction technologies" among the qualifying criteria for the Economic
12 Development Rider. Just as I recommend, the Wisconsin utility tariff requires
13 participation in all economically viable projects that have a payback period of five years
14 or less.

15 **III. RESPONSE TO THE REBUTTAL TESTIMONY OF MR. RUSH**

16 **Q. What are Mr. Rush's concerns regarding your recommendation to modify**
17 **KCP&L's EDR/UCD to include participation in applicable, cost-effective KCP&L**
18 **MEEIA Programs as an eligibility requirement for taking service under the special**
19 **rate?**

20 A. Mr. Rush's concerns are that 1) requiring opt-out customers to participate in MEEIA
21 programs may be in violation of the opt-out provision of the MEEIA statute, and 2)
22 requiring all cost effective energy efficiency programs would be nearly impossible to
23 police.

1 **Q. Please respond to Mr. Rush's concern regarding EDR/UCD participation and the**
2 **opt-out provision under MEEIA.**

3 A. As explained previously on page 5, lines 16-22 of this testimony, opt-out customers
4 would not be required to duplicate energy efficiency efforts, implement measures that are
5 not applicable and cost effective, or pay the MEEIA charge.

6 **Q. Please respond to Mr. Rush's concern that requiring EDR/UCD recipients to**
7 **implement all cost effective energy efficiency measures would be nearly impossible**
8 **to police.**

9 A. KCP&L continues to successfully administer MEEIA program offerings. Additional
10 effort, if any, to administer program participation by potential EDR/UCD customers
11 would be minimal. My recommendation simply connects existing Company energy
12 efficiency programs to the existing Company effort to incent economic development. I
13 anticipate no new staff or expertise would be required of the Company to implement my
14 recommendation.

15 **Q. Did Mr. Rush have any other issues with your testimony?**

16 A. Yes, Mr. Rush opposed my recommendation to establish a working group to review
17 KCP&L's Standby Service Tariff for the purpose of 1) ensuring that it is reflective of
18 current best practices, and 2) developing recommendations for cost-based rate levels.

19 **Q. What was Mr. Rush's basis for opposition to your recommendation?**

20 A. Mr. Rush believes that a working group to review KCP&L's Standby Service Tariff
21 would be duplicative with the current MEEIA cycle review process and that addressing
22 combined heat and power technologies in the MEEIA review process and the proposed
23 working group would cause issues.

1 **Q. Please respond to Mr. Rush's belief that a standby service tariff working group**
2 **would be duplicative and cause issues.**

3 A. Reviewing standby rates in the context of a general rate proceeding allows for
4 consideration of all relevant factors, not just those related to MEEIA statute. Ensuring
5 that tariffs are cost-based and reflect current best practices is best achieved in a rate case
6 process. Ameren Missouri and the Empire District Electric Company have already
7 agreed to review standby rates in a subsequent working group as a result of recent rate
8 cases. KCP&L's agreement to join the concurrent review would enable resources to be
9 leveraged, result in a higher quality product, and potentially increase utilization by
10 combined heat and power customers.

11 **Q. Does this conclude your Surrebuttal Testimony?**

12 A. Yes, thank you.