

Exhibit No.:  
Issues: Energy Efficiency  
Witness: Revenue Requirement  
Sponsoring Party: Missouri Department of Natural  
Resources - Energy Center  
Type of Exhibit: Direct Testimony  
Case No.: ER-2009-0089

**DIRECT TESTIMONY**

**OF**

**LAURA WOLFE**

**MISSOURI DEPARTMENT OF NATURAL RESOURCES**

**ENERGY CENTER**

**February 11, 2009**

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**KANSAS CITY POWER AND LIGHT ELECTRIC RATE CASE**

**CASE NO. ER-2009-0089**

1 **Q. Please state your name and address.**

2 A. My name is Laura Wolfe. My business address is Missouri Department of Natural  
3 Resources, Energy Center, 1101 Riverside Drive, P.O. Box 176, Jefferson City, Missouri  
4 65102-0176.

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

6 A. I am employed by the Missouri Department of Natural Resources as an Energy Specialist in  
7 the Energy Policy and Analysis Program in the Missouri Energy Center (MEC). The MEC is  
8 located within the Missouri Department of Natural Resources, an agency of state government  
9 with its executive office located in Jefferson City, Missouri.

10 **Q. On whose behalf are you testifying?**

11 A. I am testifying on behalf of the Missouri Department of Natural Resources (DNR), an  
12 intervenor in these proceedings.

13 **Q. Please describe your educational background and business experience.**

14 A. I received a Bachelor of Science in Business Administration in 1985 from Central Methodist  
15 College (n.k.a., Central Methodist University) in Fayette, Missouri, and a Master's in Public  
16 Administration degree in 1990 from the University of Missouri-Columbia. I have worked in  
17 a variety of positions regarding utility regulation including as a Utility Regulatory Auditor III  
18 for the Commission from 1996 to 1999, a Costing Administrator and later Docket Manager  
19 for Sprint (n.k.a., Embarq) from 1999 to 2002, and as a Utility Regulatory Specialist in the  
20 Federal Gas Group at the Commission from 2002 to 2007. Details regarding these and other  
21 professional positions I have held appear in LW-1 attached to and incorporated by reference  
22 to this testimony.

23 **Q. What is the purpose of your direct testimony in these proceedings?**

1 A. The purpose of my testimony is to comment on Kansas City Power and Light’s (“KCP&L”)  
2 demand side management programs, particularly the two proposed new programs, and to  
3 recommend the introduction of demand side management target for KCP&L.

4 **Q. What are your comments regarding KCP&L’s current demand side management**  
5 **programs?**

6 A. KCP&L does a good job of implementing and administering a thorough portfolio of demand  
7 side management programs. The overview provided by KCP&L witness, Mr. Allen D.  
8 Dennis, gives an accurate picture of the successes and struggles of the portfolio of programs.  
9 Demand side management programs benefit both consumers and the utility by cost  
10 effectively reducing the amount of energy that needs to be generated or acquired on the  
11 market.

12 **Q. Do you have any concerns with KCP&L’s proposed Economic Relief Pilot Program?**

13 A. Yes. I have a concern with viewing this program as a demand side management program.  
14 Demand side management programs fall into two categories: energy efficiency programs and  
15 demand response programs. The Economic Relief Pilot Program is a bill assistance program  
16 that will have no impact on demand response or on energy efficiency.

17 **Q. Do you have any concerns with KCP&L’s proposed Supplemental Weatherization and**  
18 **Minor Home Repair Program to the Affordability, Energy Efficiency and Demand**  
19 **Response programs established by KCP&L’s Regulatory Plan?**

20 A. No. MDNR supports this proposed program. It is not uncommon for weatherization  
21 agencies to be unable to weatherize the home of a low income client because the home has  
22 non-weatherization issues. The Department of Energy (“DOE”), the Federal agency that  
23 administers the Low Income Weatherization Program (“LIWAP”), issued Weatherization

1 Notice 02-5 with an effective date of July 12, 2002.<sup>1</sup> In that Notice, the DOE established  
2 deferral standards for homes. One of the deferral standards is for a home where the  
3 “...building structure or its mechanical systems, including electrical and plumbing, are in  
4 such a state of disrepair that failure is imminent and the conditions cannot be resolved cost-  
5 effectively.” However, the DOE states in this same Notice:

6 The decision to defer work in a dwelling is difficult but necessary in some cases.  
7 This does not mean that assistance will never be available, but that work must be  
8 postponed until the problems can be resolved and/or alternative sources of help  
9 are found.

10  
11 The program being proposed by KCP&L would address this very issue. By providing  
12 necessary, but non-weatherization related repairs, KCP&L will help the weatherization  
13 agencies provide much needed weatherization measures in houses that otherwise would not  
14 be served. With careful design and implementation, this program will lead to more low  
15 income citizens getting the weatherization measures they need installed in their homes, and  
16 there by improve energy efficiency.

17 **Q. Do you have any concerns with KCP&L’s overall demand side management efforts?**

18 A. Yes, I do. As I stated earlier, demand side management programs can reduce the amount of  
19 energy needed. Cost effective demand side management programs can reduce the utility’s  
20 cost of providing service, and can, therefore, impact the rates paid by consumers. KCP&L’s  
21 testimony in this case provides a good review of what KCP&L is doing now plus a proposed  
22 program to build on the LIWAP, but a broader view of KCP&L’s plans for demand side  
23 management can be gained from KCP&L’s recent integrated resource plan (“IRP”) filed with  
24 the Commission in Case No. EE-2008-0034. In that case, MDNR filed comments regarding  
25 deficiencies in KCP&L’s demand side management analysis. In very brief summary,

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<sup>1</sup> Per the Department of Energy website, <http://www.waptac.org/sp.asp?id=6914>.

1 KCPL's integrated resource plan fails to achieve the lowest cost energy services for its  
2 customers, KCPL does not analyze DSM on an equivalent basis with supply-side resources,  
3 and KCPL does not minimize the present worth of long run costs by failing to include  
4 sufficient cost-effective DSM in its plan. As a result, KCP&L's analysis produced projected  
5 incremental and cumulative load savings for DSM programs for the years 2010 to 2025 of no  
6 more than 0.58 percent annually, and cumulatively a load savings of no more than 2.67  
7 percent over the course of the fifteen years.

8 The Commission will duly rule on these and other issues regarding KCP&L's IRP in Case  
9 No. EE-2008-0034. However, I detail these concerns in this rate case to demonstrate the  
10 need to establish demand side management targets for KCP&L. Demand side management  
11 targets will provide guidance to KCP&L regarding the aggressiveness and thoroughness of  
12 pursuing demand side resource management measures.

13 **Q. Has MDNR ever made such a suggestion in an electric utility rate case before?**

14 A. Yes. In Case No. ER-2007-0002, MDNR proposed demand side management targets for  
15 AmerenUE. In order to guide Union Electric Company d/b/a AmerenUE ("AmerenUE") in  
16 the IRP process, the MDNR proposed the Commission set demand side management targets  
17 for AmerenUE to attain through the integrated resource planning process.<sup>2</sup> In the  
18 Commission's *Report and Order* in ER-2007-0002, the Commission gave AmerenUE a goal  
19 of reducing peak demand and energy growth by the amounts recommended by MDNR.

20 **Q. What do you recommend as a goal for KCP&L?**

21  
22 A. In the comments filed by MDNR in KCP&L's integrated resource planning case, MDNR  
23 recommended that in KCPL's next IRP filing the utility should include two or more

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<sup>2</sup> In the Matter of Union Electric Company d/b/a AmerenUE's Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

1 alternative resource plans that, beginning in 2012 and continuing throughout the 20-year  
 2 planning horizon, are projected to acquire at least an additional 1% of energy requirements  
 3 per year through demand side programs, and that the utility should include in its integrated  
 4 resource analysis the alternative resource plans that achieve this goal while attempting to  
 5 achieve net present value of revenue requirements (“NPVRR”) minimization and other  
 6 resource planning objectives. Regulators and implementers around the nation are setting one  
 7 percent of annual load as the threshold for energy efficiency program performance and  
 8 cumulative goals of 15% to 20% of requirements over the planning horizon. The table below  
 9 is an example of these initiatives and is by no means comprehensive.

10 **Summary of Energy Efficiency Savings Targets in Other Jurisdictions**

<b>Jurisdiction</b>	<b>Target - % of load</b>	<b>Reference/Authority</b>
Illinois	10% reduction by 2017 and ramp up to 2%/yr incremental	<i>Public Act 095-0481</i>
Iowa	1.5% of annual retail sales by 2011	<i>IUB Order Docket 199 IAC 35.4(1) (EEP-02-38, EEP-03-1, EEP-03-4)</i>
Maryland	Reduce energy used by 15% by 2015	EmPower Maryland
Massachusetts	All load growth & 25% of electric load by 2020 with demand side resources, inc DG and CHP	Section 105 of chapter 169 of Acts of 2008 – Green Communities Act
Michigan	1% annually of total sales by 2012	Senate Bill 213, 2008
New Jersey	Reduce energy use by 20% by 2020	New Jersey Energy Master Plan
New York	1.9% per year	<i>Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Case 07-M-0548,</i>

11 MDNR recommends that the Commission establish a demand side management savings  
 12 target of at least one percent (1%) per year and require KCP&L to use that target in its future  
 13 IRP analysis. This target will be encourage KCP&L to be thorough in the identification and  
 14 analysis of demand side management measures, which could lead to implementation of  
 15 additional cost effective demand side management measures. This will impact the amount  
 16 KCP&L spends annually on demand side management, which also will impact the amount  
 17 KCP&L eventually recovers in rates through its regulatory asset account.  
 18

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

2 A. Yes.