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MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

OPERATIONAL ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

ROBIN L. KLIETHERMES

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2016-0156

*Jefferson City, Missouri
August 2016*

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REBUTTAL TESTIMONY
OF
ROBIN KLIETHERMES
KCP&P GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2016-0156

Q. Please state your name and business address.

A. Robin Kliethermes, 200 Madison Street, Jefferson City, MO 65102.

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

A. I am employed by the Missouri Public Service Commission (“Commission”) as a Utility Regulatory Manager of the Tariff and Rate Design Unit, of the Operation Analysis division of the Commission Staff.

Q. Are you the same Robin Kliethermes who has previously filed testimony in Staff’s Revenue Requirement Cost of Service Report and Staff’s Rate Design and Class Cost of Service Report in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to GMO’s witnesses Brad Lutz and Al Bass regarding billing determinant data and GMO’s adjustment to billing determinants in for MEEIA Cycle 1 energy savings.

RESPONSE TO GMO WITNESS BRAD LUTZ REGARDING BILLING DETERMINANTS

Q. What was the test year GMO used to provide weather normalized and annualized billing determinants in this case?

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1 A. On page 5 of Brad Lutz's direct testimony, he states "The test year used by the
2 Company in this case was 12 months ending June 30, 2015, which we expect will be updated
3 for known and measurable changes through July 31, 2016."

4 Q. Was there an update period and a true-up period ordered in this case?

5 A. Yes, the Commission ordered a test year ending June 30, 2015, an update
6 period ending December 2015 and a true-up period ending July 31, 2016.

7 Q. What is the purpose of utilizing an update period and a true-up period in a
8 rate case?

9 A. As it is mentioned on page 2 of Staff's Cost of Service Report, filed on
10 July 15, 2016.

11 **Update Period:** It is a standard practice in ratemaking in Missouri to utilize a period
12 beyond the established test year for a case in which to match the major components of a
13 utility's revenue requirement. The update period that is ordered in this particular case is the
14 12 months ending December 31, 2015.

15 **True Up:** A true-up date generally is established when a significant change in
16 a utility's cost of service occurs after the end of the update period, but prior to the
17 operation-of-law date, and one or more of the parties has decided this significant change in
18 cost of service should be considered for cost-of-service recognition in the current case.
19 True-up audits involve the filing of additional testimony and, if necessary, additional hearings
20 beyond the initial testimony filing and hearings for a case. The true-up date ordered in this
21 case is July 31, 2016.

22 Q. Was GMO able to provide Staff with updated billing determinants and load
23 research data through the update period ending December 31, 2015?

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1 A. No, GMO indicated that updated billing and load research data would not be
2 able to be provided to Staff until the second quarter of 2016 (April, May or June). Staff's
3 direct filing deadline was July 15th, 2016.

4 Q. Did Staff inquire about the lag in data availability?

5 A. Yes, in Staff's Data Request No. 0110, Staff asked for an explanation of the
6 timeframe it would take GMO to provide updated load research data and billing determinants
7 through September 30th, 2015. GMO responded that the data through September 30, 2015 was
8 currently not available and explained the timeframe necessary to gather the information.

9 Below is a summary of the timeframe GMO provided:

- 10 • 17-weeks to process load research data
- 11 • 2 weeks to process billing determinants from GMO's billing system
- 12 • 4 weeks for weather normalization
- 13 • An additional 3-4 days for total blocked billing determinants.

14 Q. Why did Staff inquire about updating through September 30, 2015 instead of
15 December 31, 2015, since it was the ordered update period?

16 A. Since GMO had already indicated data would not be available through
17 December 31, 2015, Staff still wanted to potentially update billing determinants beyond
18 June 30, 2015 if data could be provided in a timely matter in order for Staff to conduct its
19 analysis and file direct in this case.

20 Q. Besides the time it takes to compile the updated load research and billing
21 determinant data were there further complications to data availability?

22 A. Yes, GMO's proposal to consolidate GMO's MPS rate district and GMO's
23 L&P rate district, which as discussed in Staff's Rate Design report caused a reformation of

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1 | GMO's commercial and industrial classes. For example, the current minimum demand of a
2 | Large General Service customer in GMO's L&P rate district is 40kW and the current
3 | minimum demand of a Large General Service customer in GMO's MPS rate district is
4 | 100kW. The minimum demand of the proposed consolidated Large General Service class is
5 | 150kW. Therefore, some customers, who prior to consolidation were Large General Service
6 | customers, would be better off moving to the Small General Service class. Although Staff has
7 | not opposed GMO's change in minimum demand, it did cause the need for additional analysis
8 | to shift the billing determinants of customers who no longer met the minimum demand of the
9 | new consolidated Large General Service class to the Small General Service class.

10 | Q. Did GMO conduct this analysis prior to filing its rate case on February 23,
11 | 2016?

12 | A. No. However, on page 31 of Mr. Lutz's testimony he states that "[t]he billing
13 | determinants for the consolidated rates were produced by processing the separate, MPS and
14 | L&P determinants through the UI application, and the structures of the proposed consolidated
15 | rates. This processing reassigned the determinants based on the new blocks, minimums, and
16 | ratchets to build up the final consolidated determinants." At first read, this language seems to
17 | indicate that the billing determinants were reassigned to the new appropriate classes based on
18 | the class' new minimum demand requirements as of the time of that filing. However, GMO's
19 | analysis identified the customers who would be impacted and who would be moved to a more
20 | advantageous rate class. GMO's analysis also identified the revenue shortfall that would
21 | result from customers moving to a rate class that offered a lower overall bill, but GMO did
22 | not move any billing determinants into or out of rate classes for those impacted customers at
23 | the time of the direct filing. The sequence and timing of GMO's adjustments to its direct case

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1 created a mismatch between the level of revenue responsibility for each class and the billing
2 determinants the revenue would be collected from in each class as filed in GMO's direct case.

3 Q. Did GMO eventually conduct this analysis?

4 A. Yes, after Staff inquired about the change in minimum demand and its impact
5 on billing determinants, GMO conducted the individual customer analysis and provided the
6 information to Staff in May and June of 2016.

7 Q. Is the use of a test period ending June 30, 2015, an ideal test period for
8 analyzing billing determinants given that it is currently over a year old?

9 A. No, however, given the time lag for data availability implicit to GMO's class
10 load processes, and the complexity of consolidating GMO's MPS and L&P rate districts, Staff
11 had no option but to use the stale data.

12 **RESPONSE TO GMO WITNESS AL BASS REGARDING ENERGY EFFICIENCY**
13 **ADJUSTMENT TO BILLING DETERIMANTS**

14 Q. Did GMO make an adjustment to test year billing determinants in this case to
15 annualize energy efficiency kWh savings as a result of its MEEIA Cycle 1 programs that were
16 installed during the test year, treating the savings as if the measures were installed the entire
17 twelve month period?

18 A. Yes.

19 Q. Why does GMO assert it performed this adjustment?

20 A. According to the direct testimony of Mr. Bass, the calculation of
21 GMO's annualization of energy efficiency savings for MEEIA Cycle 1 programs were
22 calculated pursuant to the agreement filed in GMO's MEEIA Cycle 2 docket, in Case. No.
23 EO-2015-0241.

24 Q. Is this adjustment calculated pursuant to the MEEIA Cycle 2 agreement?

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1 A. No. While it appears Mr. Bass followed the process outlined in the MEEIA
2 Cycle 2 agreement, he did so for kWh associated with MEEIA Cycle 1.

3 Q. Did Staff calculate a similar annualization to test year billing determinants
4 concerning MEEIA Cycle 1?

5 A. No.

6 Q. Why not?

7 A. The agreement Mr. Bass references does not establish the mechanism for
8 MEEIA Cycle 1, it establishes the mechanism for MEEIA Cycle 2, which did not begin until
9 April, 2016. Staff did not make an adjustment to test year billing determinants to annualize
10 for energy efficiency kWh savings from GMO's MEEIA Cycle 1 programs for December 31,
11 2016 program levels, in that the MEEIA Cycle 1 tracker mechanism does not require a
12 separate rate case billing determinate adjustment in addition to the throughput disincentive net
13 shared benefits ("TD-NSB") share that was stipulated for GMO's MEEIA Cycle 1.¹

14 Q. Does GMO's MEEIA Cycle 1 tracker mechanism include provisions to adjust
15 kWh billing determinants in a rate case?

16 A. No.

17 Q. Did GMO provide any additional testimony on this issue?

18 A. No.

19 Q. Does the MEEIA Cycle 2 mechanism that was developed for MEEIA Cycle 2
20 programs and was agreed to in Case No. EO-2015-0241 provide for an adjustment to billing
21 determinants in a rate case given a corresponding re-basing in the MEEIA Cycle 2
22 Throughput Disincentive?

¹ Paragraphs 5. b. i. and 6. b. of the Non-Unanimous Stipulation and Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing filed on October 29, 2012 in Case No. EO-2012-0009.

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1 A. Yes, however, the MEEIA Cycle 2 programs did not go into effect until
2 April 1, 2016 and therefore are outside of the test year and update period.

3 Q. Will Staff be making an adjustment to true-up billing determinants to annualize
4 for MEEIA Cycle 2 energy efficiency savings for programs installed at the end of the true-up
5 period?

6 A. Yes.² Pages 13 – 14 of the *Non-Unanimous Stipulation and Agreement*
7 *Resolving MEEIA Filings* in File No. EO-2015-0241 describes the adjustments, including the
8 language provided below:

9 Upon filing a rate case, the cumulative, annualized,
10 normalized kWh and kW savings will be included in the unit
11 sales and sales revenues used in setting rates as of an
12 appropriate time (most likely two months prior to the true-up
13 date) where actual results are known prior to the true-up period,
14 to reflect energy and demand savings in the billing determinants
15 and sales revenues used in setting the revenue requirements and
16 tariffed rates in the case. Upon the adjustment for kWh and kW
17 savings in a rate case, the collection of TD will be re-based.

18 Q. Does this concluded your rebuttal testimony?

19 A. Yes.

² This assumes GMO will provide the type and quality of data necessary to make this adjustment, consistent with the Agreement.

