

**Exhibit No.:**  
**Issues:** Economic Development Riders  
Standby Service Rates  
**Witness:** Jane Lohraff  
**Sponsoring Party:** Missouri Department of Economic  
Development - Division of Energy  
**Type of Exhibit:** Surrebuttal Testimony  
**Case No:** ER-2014-0370

**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**

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

In the Matter of Kansas City Power & Light Company's Request )  
for Authority to Implement a General Rate Increase for Electric )  
Services )

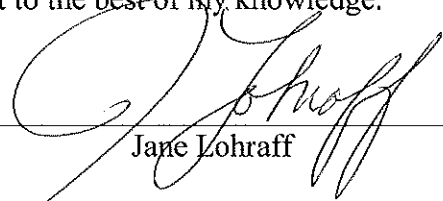
ER-2014-0370

**AFFIDAVIT OF JANE LOHRAFF**

STATE OF MISSOURI            )  
  )  
COUNTY OF COLE            )            ss

Jane Lohraff, of lawful age, being duly sworn on her oath, deposes and states:

1. My name is Jane Lohraff. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as an Energy Policy Analyst, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.

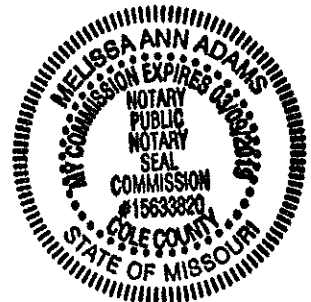
  
\_\_\_\_\_  
Jane Lohraff

Subscribed and sworn to before me this 28th day of May, 2015.

  
\_\_\_\_\_  
Notary Public

My commission expires:

MELISSA ANN ADAMS  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: March 09, 2019  
Commission Number: 15633820



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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 ECR/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.