

Exhibit No.:
Issues: Low Income Weatherization Assistance
Witness: John Buchanan
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

JOHN BUCHANAN

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**

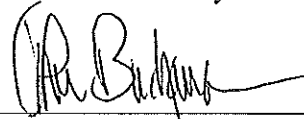
In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement a)
General Rate Increase for Electric Service) Case No. ER-2014-0370

AFFIDAVIT OF JOHN A. BUCHANAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

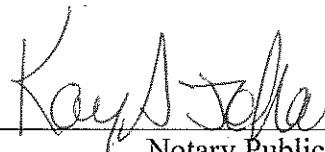
John A. Buchanan, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is John A. Buchanan. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as Senior Planner, 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.



John A. Buchanan

Subscribed and sworn to before me this 5th day of June, 2015



Notary Public

My commission expires:

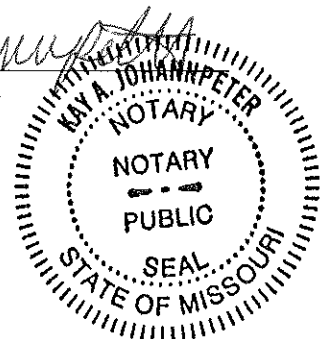
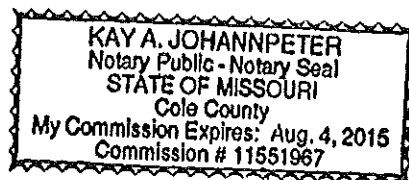


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1 **I. INTRODUCTION**

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

3 A. John Buchanan, Missouri Department of Economic Development, Division of Energy, 301
4 West High Street, Suite 720, Jefferson City, Missouri.

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

6 A. Yes. On April 2, 2015, I filed Direct Testimony addressing low income weatherization
7 assistance issues on behalf of the Missouri Department of Economic Development's Division
8 of Energy ("DE").

9 **Q. On whose behalf are you presenting Surrebuttal Testimony in this case?**

10 A. I am testifying on behalf of the DE.

11 **II. EXECUTIVE SUMMARY**

12 **Q. What is the purpose of your Surrebuttal Testimony in these proceedings?**

13 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony of Kansas
14 City Power & Light Company ("KCP&L" or "Company") witness Tim M. Rush¹ regarding
15 the Company's Income Eligible Weatherization program ("IEW" or "Program").

16 **III. RESPONSE TO KCP&L**

17 **Q. Please summarize KCP&L's position regarding its Program.**

18 A. According to KCP&L witness Tim M. Rush:

¹ Missouri Public Service Commission Case No. ER-2014-0370, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service*, Tim M. Rush, Rebuttal Testimony, May 7, 2015.

1 I believe the IEW recovery should occur through the MEEIA program
2 as suggested by Staff. Aligning the recover[y] with the other utilities
3 as recommended by Mr. Buchanan does not provide any direct value.²

4 **Q. Do you agree with Mr. Rush's conclusions?**

5 A. No. There is considerable value in having the Program funded through base rates.

6 **Q. Mr. Rush references Staff's approach to recovery of IEW expenses. Was the**
7 **referenced Staff recommendation offered as a response to DE's recommendation**
8 **to recover the cost of the IEW through base rates?**

9 A. No. The referenced discussion, which appears in the Staff's Cost of Service Report,
10 simply describes how Staff treated IEW expenses for purposes of determining the
11 revenue requirement in this case. The Staff's Cost of Service Report was issued prior
12 to DE's recommendation to recover IEW expenses through base rates.

13 **Q. Did the Staff file Rebuttal Testimony in opposition to your recommendation?**

14 A. No.

15 **Q. Did any parties file Rebuttal Testimony in this case in support of your**
16 **recommendation?**

17 A. Yes. Office of Public Counsel witness Dr. Geoff Marke filed supporting testimony.³

² Rush, *op.cit.*, page 42, lines 12 – 14.

³ Missouri Public Service Commission Case No. ER-2014-0370, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service*, Dr. Geoff Marke, Rebuttal Testimony, May 7, 2015, pages 25-26, lines 9-19 and lines 1-10.

1 **Q. Does DE's proposal to fund KCP&L's Program address Mr. Rush's concerns**
2 **regarding cost recovery?**

3 A. Yes. Having Program costs included in KCP&L's base rates assures on-going
4 funding on an annual basis. Any unspent funds in any given year should be carried-
5 forward or "rolled over" to the next Program budget period to continue to provide
6 essential weatherization services to KCP&L's low income customers.

7 **Q. KCP&L's MEEIA will expire at the end of calendar year 2015. Is KCP&L**
8 **required to include the Program in its next MEEIA filing with the Commission?**

9 A. No. In fact, as a voluntary energy efficiency process, KCP&L could elect to offer a
10 significantly smaller portfolio of energy efficiency measures or no energy efficiency
11 portfolio at all.

12 **Q. Is it possible KCP&L may not have a MEEIA after 2015?**

13 A. Yes. KCP&L could elect not to file a MEEIA application, or an application could be
14 delayed or not approved, resulting in the termination of the Program.

15 **Q. Is there a current example of such a MEEIA filing with the Commission?**

16 A. Yes. Empire District Electric Company's ("Empire" or "EDE") MEEIA filing has
17 been suspended due to unresolved issues with its application.⁴

18 **Q. Does Empire have a low income weatherization program?**

19 A. In its last general rate case, ER-2014-0351,⁵ EDE proposed to eliminate all existing
20 energy efficiency programs as well as its weatherization program until such time the

⁴ Missouri Public Service Commission Case No. EO-2014-0030, *In the Matter of The Empire District Electric Company's Application for Approval of Demand-Side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism.*

1 Commission approved its proposed MEEIA application. During the course of those
2 proceedings, parties to the case filed with the Commission a Global Stipulation and
3 Agreement⁶ that reflects the terms of EDE's Low-Income Weatherization Program:

4 **Low-Income Weatherization**

- 5 a. Should an evaluation be performed on the Low-Income
6 Weatherization program?
7 b. Should Low-Income Weatherization program expenses be
8 recovered in the base rates?
9

10 The Signatories agree that Empire will continue its current low-income
11 weatherization program, with an annual budget of \$225,000. If the budget
12 amount is not spent in any given Empire budget year, the balance will roll
13 over to be spent in a future Empire budget year. On a going forward basis, the
14 low-income weatherization program is not a "demand side measure" or
15 program for purposes of RSMo. 393.1075.7. Costs for this program are built
16 into and will be recovered through the agreed-upon revenue requirement.

17 EDE's weatherization program may now continue since, funded in base rates.

18 **Q. Please summarize your recommendations to the Commission.**

19 A. The DE recommends that the Commission:

- 20 • At the conclusion of the Company's current MEEIA cycle in December 2015,
21 require KCP&L to continue the IEP independent of MEEIA. KCP&L should
22 be allowed to recover any outstanding program costs, throughput disincentive
23 and incentive components for the period that the program was under MEEIA
24 through its DSIM; and,

⁵ Missouri Public Service Commission Case No. ER-2014-0351, *In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.*

⁶ *Ibid.*, Global Stipulation and Agreement, April 3, 2015, page 6.

- 1 • Authorize KCP&L to recover customer contributions to annual low-income
2 weatherization service program expenses in base rates, consistently and in
3 keeping with the Commission's funding approval for weatherization services
4 provided by all other Missouri regulated investor-owned electric and natural
5 gas utilities (with the current exception of KCP&L/GMO).

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

7 A. Yes. Thank you.