

Exhibit:
Issues: Policy
Witness: Charles A. Caisley
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power &
Light Company and
KCP&L Greater Missouri
Operations Company
Case No. EO-2018-0211
Date Testimony Prepared: September 17, 2018

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2018-0211

SURREBUTTAL TESTIMONY

OF

CHARLES A. CAISLEY

ON BEHALF OF

**KANSAS CITY POWER & LIGHT COMPANY and
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
September 2018**

SURREBUTTAL TESTIMONY

OF

CHARLES A. CAISLEY

Case No. EO-2018-0211

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

2 A: My name is Charles A. Caisley. My business address is 1200 Main, Kansas City, Missouri
3 64105.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Chief Customer
6 Officer and Senior Vice President – Marketing and Public Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L and KCP&L Greater Missouri Operations Company
9 (“GMO”) (collectively, KCP&L).

10 **Q: What are your responsibilities?**

11 A: My responsibilities include KCP&L's small-scale distributed and renewable generation
12 projects, energy products and services platforms, energy efficiency and demand response
13 portfolio, community and customer strategy and communications, marketing, economic
14 development, governmental affairs and public relations functions. Many of these areas are
15 responsible for direct interaction with customers and stakeholders. These areas of direct
16 customer interaction include: online/electronic transactions and portals, social media,
17 community affairs, business customers, customer complaints, city franchises and regulated
18 and non-regulated products and services. In addition to having responsibility for multiple
19 areas with direct customer interaction, I am also responsible for leading a cross-functional

1 team of individuals with responsibility for our overall customer experience and strategy.
2 This includes customer research and segmentation as well as customer data analytics.

3 **Q: Please describe your education, experience and employment history.**

4 A: I graduated from the University of Illinois in Urbana-Champaign with a Bachelor's degree
5 in political science. I earned a Juris Doctorate degree from St. Louis University School of
6 Law and a Master of Business Administration from Washington University in St. Louis. I
7 joined KCP&L in 2007 as Director of Government Affairs. Prior to joining KCP&L, I was
8 employed by the Missouri Energy Development Association (MEDA), the Missouri
9 Industry Association for Missouri investor-owned utilities, as President. Prior to that I was
10 employed as the Chief of Staff to the Speaker of the Missouri House. In both positions, I
11 dealt extensively with Missouri utility law and energy policy.

12 **Q: Have you previously testified in a proceeding before the Missouri Public Service**
13 **Commission (“Commission” or “MPSC”) or before any other utility regulatory**
14 **agency?**

15 A: Yes, I have previously testified before the MPSC and the Kansas Corporation Commission.

16 **Q: What is the purpose of your surrebuttal testimony?**

17 A: The purpose of my testimony is to identify KCP&L’s concerns with positions taken by
18 Commission Staff in rebuttal testimony in this proceeding regarding Ameren Missouri’s
19 Missouri Energy Efficiency Investment Act (“MEEIA”) Cycle 3 filing.

20 **Q: Can you outline KCP&L’s concerns with positions taken by Commission Staff in**
21 **rebuttal testimony?**

22 A: Yes, based on page 4 of Staff witness Dietrich’s rebuttal testimony, I understand Staff has
23 taken the position that, for purposes of assessing the cost-effectiveness of demand-side

1 programs, avoided capacity costs should be valued at \$0 in circumstances until the subject
2 utility has identified a future need for additional supply-side capacity. In addition, based
3 on page 4 of Staff witness Dietrich’s rebuttal testimony, I understand Staff has taken the
4 position that customers not participating in a demand-side program of the subject utility
5 must benefit in the short run in order for the Commission to approve that program under
6 MEEIA.

7 These positions are fundamentally at odds with MEEIA; with one another; with the
8 Commission’s own rules; and with previous Commission orders regarding MEEIA.
9 Commission adoption of these Staff positions would thwart the use of demand-side
10 programs that would otherwise lower the overall cost of providing retail electric service in
11 the State of Missouri, leaving investor-owned electric utilities operating in the state no
12 choice but to rely exclusively on supply-side resources to meet the long-term electricity
13 needs of Missouri customers. As one of the principal participants in the discussions leading
14 to the passage and enactment of MEEIA, I believe that such a result would be inconsistent
15 with the objectives policymakers in the legislative and executive branches sought to obtain
16 through MEEIA.

17 **Q: Why is Staff’s use of \$0 for avoided capacity costs to value DSM at odds with MEEIA?**

18 A: Section 393.1075.3 provides in relevant part that “[I]t shall be the policy of the state to
19 value demand-side investments equal to traditional investments in supply and delivery
20 infrastructure” Utilizing a value of \$0 for avoided capacity cost when assessing the
21 cost-effectiveness of demand-side programs producing capacity savings virtually
22 guarantees that demand-side programs will not be cost-effective compared to supply side
23 investments. This is because all demand-side programs producing capacity savings will

1 have costs greater than \$0. Staff may argue that its position recognizes avoided capacity
2 costs at a value greater than \$0 for a utility that is short of capacity, but this places too
3 much emphasis on whether a utility is short or long of capacity in the relative near-term.
4 When a resource reduces the present value of long-run utility costs, the benefits of choosing
5 that resource are independent of whether the utility is long or short of capacity.

6 **Q: Why are these two Staff positions at odds with one another?**

7 A: Staff recognizes that demand-side programs producing energy savings (for a utility that has
8 not identified capacity needs) can be cost-effective, however, energy savings will only
9 benefit participating customers. Participating customers will enjoy the benefit in the form
10 of near term reductions to their electric bill. The reduction of energy usage will lead to the
11 recovery of fixed costs over fewer sold kWhs, and thus create higher rates for all customers.
12 The only way that non-participating customers may benefit (and participating customer
13 continue to benefit) would be in the long term from programs that produce demand
14 reduction on a sustained basis.

15 Staff's use of a value of \$0 for avoided capacity costs virtually guarantees that no
16 demand-side measure targeting demand savings will pass the cost-effectiveness test. And
17 Staff's requirement that all non-participants must benefit in the short run from a program
18 for it to be approved under MEEIA virtually guarantees that demand-side programs
19 targeting energy savings cannot be approved. These Staff positions, if adopted by the
20 Commission, will preclude approval of demand-side programs whether they target either
21 demand or energy savings.

1 **Q: Why are these Staff positions at odds with Commission rules?**

2 A: The Commission’s rule on integrated resource planning (“IRP”) requires electric utilities
3 to use minimization of the present value of long-run utility costs as the primary selection
4 criteria in choosing the preferred resource plan. See 4 CSR 240-22.010(1)(B). These Staff
5 positions virtually guarantee that no demand-side program, whether targeting demand or
6 energy savings, can be approved under MEEIA regardless of whether such demand-side
7 programs would reduce the present value of long-run utility costs.

8 **Q: Why are these Staff positions at odds with previous Commission MEEIA orders?**

9 A: KCP&L and GMO currently offer demand-side programs, approved in the course of
10 MEEIA 2 proceedings for KCP&L and GMO and with prior MEEIA Cycle 1, that target
11 both demand and energy savings. If Staff had taken, and the Commission had adopted,
12 these positions in the course of KCP&L’s and GMO’s MEEIA Cycle 1 and 2 proceedings,
13 there is no doubt in my mind that KCP&L and GMO would have very few or no demand-
14 side programs in place today.

15 **Q: Why would Commission adoption of these Staff positions thwart the use of energy**
16 **efficiency and demand-side programs that would otherwise lower the present value**
17 **of long-run utility costs in the State of Missouri, leaving investor-owned electric**
18 **utilities operating in the state no choice but to rely exclusively on supply-side**
19 **resources to meet the long-term electricity needs of Missouri customers?**

20 A: As shown above, these Staff positions would make it virtually impossible for the
21 Commission to approve demand-side programs under MEEIA. Capacity planning for
22 electric utilities is, of necessity, focused on the long-term because supply side resources
23 are long-lived, costly and often take years to put in place. Long-term planning cannot be

1 undertaken with any meaningful degree of reliability if significant variables used in that
2 analysis change substantially from year to year. The value of avoided capacity costs to use
3 for the assessment of cost-effective demand-side programs is a significant variable in long-
4 term capacity planning, as is the expected level of demand-side programs over the planning
5 period. In fact, the preferred resource plans of KCP&L and GMO assume meaningful
6 levels of demand reductions due to demand-side programs over the next twenty years. If
7 Staff's positions in this proceeding are adopted and then applied in KCP&L's and GMO's
8 MEEIA Cycle 3 proceedings, then it is highly unlikely that any demand-side programs will
9 be implemented by KCP&L or GMO after their MEEIA Cycle 2 programs terminate in
10 2019. Under those circumstances, it is clear that the preferred resource plans currently in
11 place for KCP&L and GMO will need to be changed.

12 **Q: Why do those issues cause KCP&L concern?**

13 A: KCP&L has been a strong advocate of demand-side management in Missouri which has
14 resulted in significant positive benefits to the State, individual customers and the
15 community at large, including increased economic activity resulting in jobs, environmental
16 benefits like CO2 reduction and energy savings for customers. While there may be many
17 issues to resolve in the Ameren MEEIA Cycle 3 case, these two primary issues will
18 determine if there is a future for demand-side management in Missouri. And that
19 uncertainty is of great concern.

20 **Q: What are the implications of these concerns?**

21 A: The serious implications of the positions taken by Commission Staff in the Ameren MEEIA
22 Cycle 3 case have caused KCP&L/GMO to hit the pause button on the filing of our MEEIA
23 Cycle 3 application.

1 **Q: What does the Company request of the Commission in this case?**

2 A: The Company requests that the Commission reject these Staff positions and set a continued
3 positive course for demand-side management and all the associated benefits in the State of
4 Missouri.

5 **Q: Does this conclude your surrebuttal testimony?**

6 A: Yes.

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

In the Matter of the Union Electric Company)
d/b/a Ameren Missouri's 3rd Filing to Implement)
Regulatory Changes in Furtherance of Energy)
Efficiency as Allowed by MEEIA)


File No. EO-2018-0211

AFFIDAVIT OF CHARLES A. CAISLEY

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

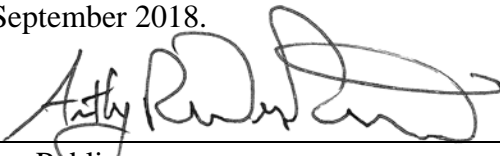
Charles A. Caisley, being first duly sworn on his oath, states:

1. My name is Charles A. Caisley. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President – Marketing and Public Affairs.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of seven (7) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Charles A. Caisley

Subscribed and sworn before me this 17th day of September 2018.



Notary Public

My commission expires: 4/26/2021

