

Exhibit No.:
Issue: *Fuel Adjustment Clause*
Witness: *Catherine F. Lucia*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2018-0145 and*
ER-2018-0146
Date Testimony Prepared: *August 7, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

CATHERINE F. LUCIA

**KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2018-0145**

AND

**KCP&L GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2018-0146**

Jefferson City, Missouri
August 2018

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8 **CASE NO. ER-2018-0146**

9

10 Q. Please state your name and business address?

11 A. My name is Catherine F. Lucia and my business address is Missouri Public
12 Service Commission ("Commission") , P.O. Box 360, Jefferson City, Missouri 65102.

13 Q. What is your position at the Commission?

14 A. I am a Utility Regulatory Auditor IV in the Commission Staff Division,
15 Energy Resources Department.

16 Q. Are you the same Catherine F. Lucia that contributed to Staff's Cost of Service
17 ("COS") Report and Staff's Class Cost of Service ("CCOS") Report filed in the Kansas City
18 Power & Light Company ("KCPL") and KCP&L Greater Missouri Operations Company
19 ("GMO") rate cases designated as Case No. ER-2018-0145 and ER-2018-0146 on June 19,
20 2018 and July 6, 2018, respectively?

21 A. Yes, I am.

22 Q. What is the purpose of your Rebuttal Testimony?

23 A. The purpose of my Rebuttal Testimony is to address KCPL witness Tim M.
24 Rush's Fuel Adjustment Clause (FAC) Direct Testimony, in which he requests the
25 continuation of the Company's FAC with modifications. I will also address witness Tim M.
26 Rush's and witness Brad D. Lutz's Direct Testimony on the Renewable Energy Rider.

1 **EXECUTIVE SUMMARY**

2 Q. Please summarize the purpose of your rebuttal testimony.

3 A. I am responding to KCPL's request to continue the Company's FAC with
4 modifications. Company witness Mr. Rush includes in his proposed Tariff Sheets an
5 expansion factor for substation to transmission voltage level customers which is not discussed
6 in his testimony. Staff recommends the expansion factor for substation to transmission
7 voltage level customers be excluded from the FAC.

8 Company witnesses Mr. Lutz and Mr. Rush also proposed the unsubscribed portions
9 of the Renewable Energy Rider be flowed through the FAC. Staff recommends that the
10 subscribed customers under the Renewable Energy Rider incur all of the associated costs and
11 revenues, including those related to unsubscribed portions. Staff also recommends KCPL file
12 a separate tab in its FAC monthly reports showing the Renewable Energy Rider Purchased
13 Power Agreements (PPAs) monthly operating data, costs and revenues.

14 **EXPANSION FACTOR FOR SUBSTATION VOLTAGE LEVEL CUSTOMERS**

15 Q. KCPL witness Mr. Rush provides in his proposed tariff sheets an expansion
16 factor for substation to transmission voltage level customers. Is the addition of an expansion
17 factor for substation to transmission voltage level customers discussed anywhere in testimony
18 provided by KCPL?

19 A. No, Staff is not aware of any discussion in regards to the addition of an
20 expansion factor for substation to transmission voltage level customers.

21 Q. Where did Staff find the addition of an expansion factor for substation to
22 transmission voltage level customers noted?

1 A. On proposed tariff Sheets Nos. 50.29 and 50.31 which are Schedules TMR-3
2 Page 18 of 20 and page 20 of 20, respective, of Mr. Rush's Direct Testimony.

3 Q. What is Staff's position in regard to the addition of an expansion factor for
4 substation to transmission voltage level customers?

5 A. As stated by Staff in Direct Testimony in the CCOS report; "At this time, Staff
6 witness Alan J. Bax continues to use the voltage adjustment factors presently included in the
7 FAC tariff sheets for the most recent general rate cases of KCPL..."¹. Therefore, Staff
8 recommends that KCPL maintain the three voltage levels currently in place; Transmission,
9 Primary, and Secondary.²

10 **RENEWABLE ENERGY RIDER**

11 Q. What is KCPL's proposal for the Renewable Energy Rider regarding the FAC?

12 A. In KCPL witness Brad Lutz's direct testimony, on page 28 lines 5 through 9,
13 he states,

14 Although the company will strive to appropriately size the
15 program to meet the needs of the Customers that are participating
16 it is expected that, from time to time, subscription levels will be
17 below the total renewable resource capacity. When that occurs, the
18 Company assumes the unsubscribed amounts on behalf of all
19 Customers and account for that cost through the Fuel Adjustment
20 Clause.

21 Also on page 27, lines 13 through 17 Lutz states,

22 Do you anticipate a change will be needed to the
23 Company's Fuel Adjustment Charge to account for this Renewable
24 Energy Program? Yes. Revisions will be needed to exclude
25 amounts associated with the PPAs made to satisfy the Renewable
26 Energy Program. Specifically, changes to the Purchased Power and
27 Off System Sales provisions. Those changes are addressed in the
28 testimony of Tim Rush.

¹ Page 62 and 63 of Staff's Direct Class Cost of Service Report.

² The Table on page 63 of Staff's Direct Class Cost of Service Report.

1 In KCPL's witness Tim Rush's testimony on page 4 lines 4 through 17, Rush states:
2

3 Q. Is the Company proposing to make any changes in the
4 FAC tariff?
5

6 A. Yes, see Schedule TMR-1, part D for a description of changes
7 proposed in the FAC. Two Riders designed to provide renewable
8 energy for customers are discussed in the Direct Testimony of
9 Kimberly Winslow and Bradley Lutz. One program is titled Solar
10 Subscription Pilot Rider and the second titled Renewable Energy
11 Rider. While these Riders will not offset the energy directly billed
12 to the customer, the Renewable Energy Rider will require
13 modification of the current FAC. The Company proposes to add
14 language to the FAC tariff to carve the costs and revenues of the
15 Renewable Energy Rider out of the costs and revenues in the FAC.
16 The phrases to be added will be included in both revenue account
17 456.1 – 'amounts associated with portions of Power Purchase
18 Agreements dedicated to specific customers under the Renewable
19 Energy Rider' and purchased power expense account 555 –
20 'excluding (a) amounts associated with portions of Power Purchase
21 Agreements dedicated to specific customers under the Renewable
22 Energy Rider'.

23 The proposed language was added to the proposed tariff sheet Nos. 50.23 and 50.24.

24 Instead of account 456.1, mentioned in his testimony above, Mr. Rush included the language
25 in revenue account 447.020.

26 Q. Will subscribers under the proposed Renewable Energy Rider be responsible
27 for the costs and/or receive any benefits associated with the unsubscribed portion if the costs
28 and revenues associated for unsubscribed portion flows through the FAC?

29 A. No. For instance, if the market price is more than the contracted PPA price,
30 the unsubscribed portion will generate positive net revenue. However, if the market price is
31 less than the contracted PPA price, the unsubscribed portion will generate negative net
32 revenue, in other words, a cost. The subscribers will not incur the positive or negative net
33 revenue for the unsubscribed portion, because it would be flowed through the FAC.

1 Q. Would the Company enter into a planned Renewable Energy Rider PPA absent
2 the interest of customers who want to power their businesses with renewable energy?

3 A. No, the PPA will be entered into as a result of customers' expressed desire to
4 purchase renewable energy. As stated in Staff witness Cedric Cunigan's CCOS testimony,³ a
5 utility may offer access to renewable energy resources for large users to entice them to
6 remain customers and eliminate the need for these large users to purchase energy through a
7 PPA. A utility may try to offer these renewable energy resources for said large users because
8 there is a growing list of cities and businesses that have gone, or plan to go, "100%
9 renewable" in the near future.

10 Q. What is Staff's recommendation concerning the unsubscribed portions of wind
11 PPAs for the Renewable Energy Rider flowing through the FAC?

12 A. Staff's primary recommendation is that both the subscribed and unsubscribed
13 portions of any wind PPA entered into for purposes of the Renewable Energy Rider should be
14 excluded from the KCPL FAC. This allows unsubscribed customers to be insulated from all
15 of the costs and all of the revenues associated with the Renewable Energy Rider.

16 Q. Does Staff have other alternatives to KCPL's proposal for the Commission to
17 consider?

18 A. Yes. Should the Commission include non-participating customers⁴ in the risks
19 of under-subscription⁵ to the Renewable Energy Rider, and order the unsubscribed portions of
20 any PPAs to be flowed through the FAC, Staff recommends, as an alternative, that all
21 customers be responsible for all costs and receive all of the revenues only if positive net
22 revenues exist for each 6-month accumulation period. If the unsubscribed portion's net

³ Page 55 and 56 of Staff's Direct Class Cost of Service Testimony filed July 6, 2018.

⁴ Non-participating customers is all of the customers that are not subscribed to the Renewable Energy Rider.

⁵ Under-subscription is the portion of the PPA that has not been subscribed to.

1 revenue is a loss for a 6-month accumulation period, then the net revenue loss would not flow
2 through the FAC, but would be the responsibility of KCPL's shareholders.

3 Q. Does Staff have any recommendation concerning the accounting of any
4 Renewable Energy Rider PPAs in KCPL's FAC Monthly Reports?

5 A. Yes, Staff recommends KCPL file a separate tab in its FAC monthly reports
6 showing the Renewable Energy Rider PPA's monthly operating data, costs and revenues.

7 Q. If the Commission orders Staff's recommendation regarding the treatment of
8 costs and revenues associated with the Renewable Energy Rider PPAs, what is Staff's
9 recommendation in regard to the Company's tariff?

10 A. Staff recommends KCPL change the proposed language from the FAC tariff
11 sheet Nos. 50.23 and 50.24 regarding accounts 447.020 and 555 to state, "excluding all
12 amounts associated with the purchased power agreements as a result of the Renewable Energy
13 Rider Tariff."

14 Q. If Staff's alternative is ordered by the Commission, what is Staff's
15 recommendation?

16 A. Staff recommends KCPL modify its FAC tariff in such a manner to comply
17 with the order of the Commission.

18 Q. Does this conclude your Rebuttal Testimony?

19 A. Yes, it does.

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-2018-0145
)
)
) and

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service)
) Case No. ER-2018-0146
)
)
)

AFFIDAVIT OF CATHERINE F. LUCIA

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CATHERINE F. LUCIA, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

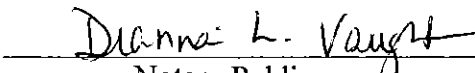


Catherine F. Lucia

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of August, 2018.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377



Notary Public