

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2019-0375
Date Testimony Prepared: May 31, 2019

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2019-0375

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
May 2019**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2019-0375

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

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main Street, Kansas City,
3 Missouri 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” or “Company”) as
6 Manager - Regulatory Affairs.

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

8 A: My responsibilities include the coordination, preparation and review of financial
9 information and schedules associated with the Company’s compliance filings for Westar,
10 KCP&L and KCP&L Greater Missouri Operations Company (“Company” or “GMO”).

11 **Q: Please describe your education.**

12 A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri
13 State University in Maryville, Missouri.

14 **Q: Please provide your work experience.**

15 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
16 assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila,
17 Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting group as an
18 Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in
19 1999. I was employed by Aquila for a total of 11 years prior to beginning my

1 employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by
2 Great Plains Energy Incorporated. Since that time, I have held various positions with
3 increasing responsibilities within Regulatory Accounting Services and Regulatory
4 Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of
5 responsibility included the preparation of FERC and jurisdictional reporting, and the
6 preparation of rate cases and rate case support for both KCP&L and GMO. In December
7 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team
8 dedicated to compliance reporting and was later promoted to Manager, Regulatory
9 Affairs effective June 2018. In my current position, I am responsible for overseeing
10 various reporting requirements to ensure Westar, KCP&L and GMO are compliant with
11 its jurisdictional rules and regulations, in addition to the implementation of new reporting
12 or commitments resulting from various rate case orders and other regulatory filings. In
13 addition, I oversee the coordination, review and filing of the various rider mechanisms
14 utilized by Westar, KCP&L and GMO.

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

18 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission (“KCC” or
19 “Commission”), and have provided written testimony before the Public Utilities
20 Commission of Colorado. I have sponsored testimony in Missouri related to various tariff
21 filings involving rider mechanisms utilized by the Company. In addition, I have worked
22 closely with both MPSC and KCC Staff on numerous filings and rate case matters.

23 **Q: What is the purpose of your testimony?**

1 A: The purpose of my testimony is to support the rate schedule filed by KCP&L to adjust the
2 Demand Side Investment Mechanism (“DSIM”) Rider. My testimony will explain the
3 change to the DSIM components based upon actual performance in the six-month period
4 ending April 2019, as well as forecasted performance through December 2019 for
5 Program Costs and Throughput Disincentive (“TD”). The proposed change will result in
6 an increase to a residential customer’s rate from \$0.00017 to \$0.00362 per kWh. The
7 proposed non-residential rate would decrease from \$0.00274 to \$0.00252 per kWh.

8 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

9 A: The requirements for adjustment of DSIM rates are found in Commission rules 4 CSR
10 240-20.093(4). In summary, the requirements outline that the update filing include
11 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

- 12 A) Amount of revenue that was over-collected or under-collected through the most
13 recent recovery period by rate class.
- 14 B) Proposed positive or negative adjustments by rate class.
- 15 C) Electric utility’s short term borrowing rate.
- 16 D) Proposed adjustments to the current DSIM rates.
- 17 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 18 F) Any additional information the Commission ordered to be provided.
- 19 G) Annual report as required by 4 CSR 240-20.093(9).

20 As part of my Direct Testimony, I have included the information required for update of
21 the DSIM rate in the attached Schedules LAS-1 and LAS-2. In addition, KCP&L’s 2018
22 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item G above,
23 was filed on March 29, 2019 in Case No. EO-2019-0297 and KCP&L’s 2018 Demand-

1 Side Program Annual Report for MEEIA Cycle 2, referenced in Item G above, was filed
2 on June 29, 2018 in Case No. EO-2018-0405.

3 **Q: Are you sponsoring this information?**

4 A: Yes, I am.

5 **Q: Please explain why KCP&L has filed an adjusted DSIM rate schedule at this time?**

6 A: The Commission's rule governing DSIM filings and submission requirements for electric
7 utilities specifically 4 CSR 240-20.093(4) requires KCP&L to make at least annual
8 adjustments of DSIM rates that reflect the amount of revenue that has been over/under
9 collected. KCP&L will continue to file semi-annual rate adjustments. Based upon actual
10 and estimated performance during the six-month time period(s), DSIM rates may be
11 adjusted up or down.

12 **Q: How did you develop the various DSIM rate components that make up the proposed
13 DSIM rate?**

14 A: As the DSIM tariff describes, the DSIM rate components consist of projected Program
15 Costs and projected TD associated with Cycle 2 for May 2019 through December 2019
16 and the reconciliation of actual and expected Program Costs and actual and expected
17 TD/TD-NSB for both Cycles 1 and 2 through April 2019. The performance incentive
18 from Cycle 1 was included for recovery over an eighteen-month period ending July 2018.
19 So, the performance incentive is reflected in the DSIM rate in this filing only as it relates
20 to certain under-recovered balances. These amounts are divided by the projected retail
21 sales, excluding opt-out sales from customers, for August 2019 through January 2020, to
22 develop a rate to be used in the DSIM rate. All of this is separately distinguished
23 between Residential and Non-Residential classes.

1 **Q: Please describe the impact of the change in costs and how it will affect KCP&L**
2 **customers.**

3 A: At this time, based on actual performance experienced through April 2019 and forecasts
4 through December 2019, the proposed residential DSIM rate will be higher than the
5 current rate of \$0.00017 per kWh and will become \$0.00362 per kWh. For a residential
6 customer using 1,000 kWh's, this would mean an increase of \$3.45 per month. The
7 proposed DSIM rate will decrease for the non-residential class from \$0.00274 per kWh to
8 \$0.00252 per kWh. For a non-residential customer using 1,000 kWh's, this would mean a
9 decrease of \$0.22. The increase in the Residential DSIM rate is primarily the result of an
10 increase in program costs due to the extension through December 31, 2019 of MEEIA
11 Cycle 2 programs which were previously scheduled to expire effective March 31, 2019.
12 The decrease in the Non-Residential DSIM rate is the net result of the extension through
13 December 31, 2019 of MEEIA Cycle 2 programs which were previously scheduled to
14 expire effective March 31, 2019 offset by the previously projected carryover of long-lead
15 projects.

16 **Q: If the rate schedule filed by KCP&L is approved, what safeguards exist to ensure**
17 **that the revenues the Company bills to its customers do not exceed actual DSM**
18 **Program Costs, TD/TD-NSB incurred, as well as the earnings opportunity or**
19 **performance incentive?**

20 A: KCP&L's DSIM Rider mechanism and the Commission's rules provide two mechanisms
21 to ensure that amounts billed to customers do not exceed KCP&L's actual, prudently
22 incurred DSM Program Costs, TD/TD-NSB and earnings opportunity or performance
23 incentive. First, at the end of each recovery period, the Company is required to true up

1 amounts billed to customers through the DSIM Rider based upon Program Cost and
2 TD/TD-NSB actually incurred during that six-month period. Per MEEIA rule 4 CSR
3 240-20.093(4), these adjustments will be supported by complete documentation and
4 workpapers that demonstrate the need for DSIM rate adjustment. All proposed
5 adjustments and supporting documentation is subject to review by MPSC Staff and all
6 MEEIA stakeholders. Second, per MEEIA rule 4 CSR 240-20.093(11), KCP&L's DSIM
7 is subject to periodic prudence reviews by MPSC Staff to ensure that only prudently
8 incurred Program Costs and TD/TD-NSB are billed to customers through KCP&L's
9 DSIM. These two mechanisms serve as checks to ensure that the Company's customers
10 pay only the prudently incurred, actual Program Costs and TD/TD-NSB resulting from
11 implementation of MEEIA DSM programs.

12 **Q: Has KCP&L made any adjustments to previously filed costs included in the current**
13 **DSIM rate?**

14 A: Yes, KCP&L recently identified certain errors in reported kWh energy savings reported
15 for LED lighting measures which impacted MEEIA Cycle 2 TD for the period April 2018
16 through October 2018 which were included in the DSIM filing made on November 30,
17 2018 in Case No. ER-2019-0165. The Company has computed the impact of this error to
18 be an overstatement of \$29,381.10, approximately 0.43% of reported TD for the period
19 affected. The Company has included this adjustment plus related carrying costs of
20 \$200.76 in the MEEIA Cycle 2 TD schedule in this filing as a refund to customers.

21 **Q: Has KCP&L been subject to any prudence reviews by MPSC Staff?**

22 A: Yes, KCP&L has been through three prudence reviews.

1 In the first prudence review, initiated by Staff on January 15, 2016 in Case No.
2 EO-2016-0183, Staff recommended seminar training costs of \$6,000 plus interest be
3 returned to customers in the semi-annual DSIM rate update filed on November 30, 2016.
4 The second prudence review was initiated by Staff on February 1, 2017 in Case No. EO-
5 2017-0209. Staff found no instances of imprudence by KCP&L but recommended the
6 Commission approve an adjustment of \$4,723 plus interest resulting from a calculation
7 error found in KCP&L's performance incentive award amount for Cycle 1 be returned to
8 customers in in the semi-annual DSIM rate update filed on June 1, 2018.

9 Most recently, in the third prudence review initiated by Staff on June 4, 2018 in
10 Case No. EO-2018-0363, the Company, Staff and the Office of the Public Counsel
11 entered into a Unanimous Stipulation and Agreement dated February 20, 2019 pursuant
12 to which the Company will reduce MEEIA costs by \$8,500 plus interest at its short-term
13 borrowing rate from January 1, 2019 in KCP&L's DSIM rider rate adjustment. This
14 Stipulation and Agreement was approved by the Commission on March 6, 2019.
15 Accordingly, the Company has made an adjustment to reduce proposed costs to be
16 recovered by \$8,500 plus carrying costs of \$187 in this filing. The details of this Ordered
17 Adjustment ("OA") can be found in Schedule LAS-2 included with this filing,
18 specifically the "OA" tab.

19 **Q: What action is KCP&L requesting from the Commission with respect to the rate**
20 **schedule that the Company has filed?**

21 **A:** The Company requests the Commission approve the rate schedule to be effective as of
22 August 1, 2019.

1 Q: Does that conclude your testimony?

2 A: Yes, it does.