

Exhibit No.:
Issue(s): *Rate Design*
Witness: *Sarah L.K. Lange*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2018-0366*
Date Testimony Prepared: *July 10, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

TARIFF AND RATE DESIGN UNIT

FILED

JUL 25 2018

**Missouri Public
Service Commission**

REBUTTAL TESTIMONY

OF

SARAH L.K. LANGE

**EMPIRE DISTRICT ELECTRIC COMPANY, THE INVESTOR
(ELECTRIC)**

CASE NO. ER-2018-0366

*Jefferson City, Missouri
July 2018*

Staff Exhibit No. 4
Date 7-20-18 Reporter TR
File No. ER-2018-0366

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REBUTTAL TESTIMONY

OF

SARAH L.K. LANGE

EMPIRE DISTRICT ELECTRIC COMPANY, THE INVESTOR
(ELECTRIC)

CASE NO. ER-2018-0366

Q. Please state your name and business address.

A. My name is Sarah L.K. Lange and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Who is your employer and what is your present position?

A. I am employed by the Missouri Public Service Commission ("Commission") and my title is Regulatory Economist III, Operational Analysis, Tariff/Rate Design Unit, Commission Staff Division.

Q. What is your educational background and work experience?

A. I have testified in numerous cases before this Commission on the subjects of rate design, class cost of service, transmission, and other tariff and tariff design issues. I completed a Bachelor of Science degree in Historic Preservation from Southeast Missouri University in Cape Girardeau, Missouri, and a Juris Doctorate degree from the University of Missouri, Columbia. I have been employed by the Commission since May 2006. Prior to transferring to Operational Analysis in July 2013, I was a Senior Counsel in the Staff Counsel's Office. A copy of my credentials and case participation is attached as Schedule SLKL-r1.

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Sarah L.K. Lange

1 Q. Have you reviewed the prefiled direct testimony of Charlotte North?

2 A. Yes.

3 Q. How does Staff respond to Ms. North's statement at page 4, lines 20 – 24,
4 provided below?

5 Q. IF THE STIPULATION [Filed In Case Nos. EO-2018-0092 And
6 ER-2018-0228] IS APPROVED, WILL ANY ISSUE REMAIN TO BE
7 DECIDED REGARDING THE EFFECT OF THE ACT ON EMPIRE?

8 A. Yes. If the Stipulation is approved by the Commission, the only
9 issue remaining to be decided in File No. ER-2018-0228 would be the
10 design of the rate structure to flow back the annual tax savings to
11 customers.

12 A. Staff recommends that the terms of the Non-Unanimous Stipulation and
13 Agreement (NUSA) specific to Tax Cuts and Jobs Act ("TCJA") matters that was filed on
14 April 24, 2018 in Case Nos. EO-2018-0092 and ER-2018-0228 be found to be reasonable for
15 ratemaking purposes even though the NUSA was not adopted by the Commission as a whole,
16 and that those TCJA terms should be ordered in this case as explained in the testimony of
17 Staff witness Mark Oligschlaeger. As for the outstanding issues regarding rate design, Staff
18 notes that the Commission issued an order on July 5, 2018, in File No. ER-2018-0362,
19 approving the Stipulation and Agreement in the proceeding to adjust the rates of Union
20 Electric Company d/b/a Ameren Missouri ("Ameren Stipulation"). Under the Ameren
21 Stipulation, the revenue requirement reduction applicable to Ameren Missouri would be
22 implemented in the following manner, in pertinent part:

23 b. The revenue requirement reduction applicable to each rate class as a
24 result of the prior step... ..will be divided by the total kilowatt-hour
25 ("kWh") billing units stated for that class.... The result of this
26 calculation will be a cents-per kilowatt-hour rate for each service
27 classification that will be applied to all billed usage of customers taking
28 service under those classifications (stated as a separate line item on the
29 customers' bills) to yield separate line item bill credits....

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1 c. The tariff sheets for each of the above service classifications will be
2 updated to include reference to the cents per kilowatt-hour rates and
3 resulting credits derived in the prior step.... No other charges or other
4 terms or conditions of service that are currently stated on those sheets
5 will be modified.

6 For ease of administration and consistency with the Ameren Missouri approach, Staff
7 recommends that a similar design be employed for Empire. If Empire's billing system cannot
8 easily accommodate printing a separate line item on the customers' bills, Staff does not object
9 to Empire consolidating the value of the credit into a net energy charge or a net bill; however,
10 Staff recommends that the existing tariffed energy rates be maintained.

11 Q. Does this conclude your testimony?

12 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of a Proceeding Under)
Section 393.137 (SB 564) to Adjust the)
Electric Rates of The Empire District)
Electric Company)
Case No. ER-2018-0366

AFFIDAVIT OF SARAH L. K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW SARAH L. K. LANGE, 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.

Sarah L.K. Lange
SARAH L. K. LANGE

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 10th day of July, 2018.

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

Dianna L. Vaught
Notary Public

Sarah L.K. Lange

I received my J.D. from the University of Missouri, Columbia, in 2007, and am licensed to practice law in the State of Missouri. I received my B.S. in Historic Preservation from Southeast Missouri State University, and took courses in architecture at Drury University. Since beginning my employment with the MoPSC I have taken courses in economics through Columbia College and courses in energy transmission through Bismarck State College, and have attended various trainings and seminars.

I began my employment with the Commission in May 2006 as an intern in what was then known as the General Counsel's Office. I was hired as a Legal Counsel in September 2007, and was promoted to Associate Counsel in 2009, and Senior Counsel in 2011. During that time my duties consisted of leading major rate case litigation and settlement, and presenting Staff's position to the Commission, and providing legal advice and assistance primarily in the areas of depreciation, cost of service, class cost of service, rate design, tariff issues, resource planning, accounting authority orders, construction audits, rulemakings and workshops, fuel adjustment clauses, document management and retention, and customer complaints.

In July 2013 I was hired as a Regulatory Economist III in what is now known as the Tariff and Rate Design Department. In this position my duties include providing analysis and recommendations in the areas of RTO and ISO transmission, rate design, class cost of service, tariff compliance and design, and regulatory adjustment mechanisms and tariff design. I also continue to provide legal advice and assistance regarding generating station and environmental control construction audits and electric utility regulatory depreciation. I have also participated before the Commission under the name Sarah L. Kliethermes.

Testimony and Staff Memoranda

<u>Company</u>	<u>Case No.</u>
Kansas City Power & Light Company	ER-2018-0145
KCP&L Greater Missouri Operations Company	ER-2018-0146
In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program	ET-2018-0132
Laclede Gas Company Laclede Gas Company d/b/a Missouri Gas Energy In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenue for Gas Service.	GR-2017-0215 GR-2017-0216
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0316
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0167
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2016-0358
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Annual RESRAM Tariff Filing	ET-2017-0097
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2016-0325
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	ER-2016-0285
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Offer a Pilot Subscriber Solar Program and File Associated Tariff	EA-2016-0207

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2016-0179
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0156
Empire District Electric Company In the Matter of The Empire District Electric Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0023
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line from Palmyra, Missouri to the Iowa Border and an Associated Substation Near Kirksville, Missouri	EA-2015-0146
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri and an Associated Switching Station Near Palmyra, Missouri	EA-2015-0145
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	EO-2015-0055
Empire District Electric Company 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	ER-2014-0351
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2014-0370
Union Electric Company d/b/a Ameren Missouri City of O'Fallon, Missouri, and City of Ballwin, Missouri, Complainants v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0316

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2014-0258
Union Electric Company d/b/a Ameren Missouri Noranda Aluminum, Inc., et al., Complainants, v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0224
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2014-0207
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Application for Authority to Establish a Renewable Energy Standard Rate Adjustment Mechanism	EO-2014-0151
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish A Demand-Side Programs Investment Mechanism	EO-2014-0095
Veolia Energy Kansas City, Inc. In the Matter of Veolia Energy Kansas City, Inc. for Authority to File Tariffs to Increase Rates	HR-2014-0066

Presentations

Support for Low Income and Income Eligible Customers, Cost-Reflective Tariff Training, in cooperation with U.S.A.I.D. and NARUC, Addis Ababa, Ethiopia (February 23 - 26, 2016)

Fundamentals of Ratemaking at the MoPSC (October 8, 2014)

Ratemaking Basics (Sept. 14, 2012)

Participant in Missouri's Comprehensive Statewide Energy Plan working group on Energy Pricing and Rate Setting Processes.