Exhibit No.:	
Issues:	Schedule of DSM programs
Witness:	Adam Bickford
Sponsoring Party:	Missouri Department of Natural Resources – Division of Energy
Type of Exhibit:	Rebuttal Testimony
Case No.:	ER-2010-0355

REBUTTAL TESTIMONY

OF

ADAM BICKFORD

MISSOURI DEPARTMENT OF NATURAL RESOURCES

DIVISION OF ENERGY

December 8, 2010

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

KANSAS CITY POWER AND LIGHT (KCP&L)

RATE CASE

CASE NO. ER-2010-0355

****DENOTES HIGHLY CONFIDENTIAL INFORMATION****

Q. Please state your name and business address.

A. My name is Adam Bickford. My business address is Missouri Department of Natural Resources, Division of Energy, 1011 Riverside Drive, P.O. Box 176, Jefferson City, Missouri 65102-0176.

Q. Are you the same Adam Bickford who filed Direct Testimony on behalf of the Missouri Department of Natural Resource, Division of Energy previously in this case?

A: Yes, I am.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Missouri Department of Natural Resources ("MDNR"), an intervenor in these proceedings.

Q. What is the purpose of your rebuttal testimony in these proceedings?

A. The purpose of my rebuttal testimony is to comment on Tim Rush's description of KCP&L's DSM portfolio in his direct testimony in this case as that relates to MDNR's concerns that the Commission act to continue KCP&L's programs between the conclusion of the current rate case and KCP&L's submission of a Demand Side Investment Mechanism ("DSIM") as anticipated by the Missouri Energy Efficiency Investment Act ("MEEIA") rules.

Q: How has Tim Rush described KCP&L's DSM Portfolio in this case?

A.: In his direct testimony, Mr. Rush, described fourteen DSM programs authorized under KCP&L's 2005 Regulatory Plan[1]. He made the following

[1] *In the Matter of a Proposed Experimental Regulatory Plan of Kansas City Power & Light Company,* Missouri Public Service Commission Case No. EO-2005-0329

comments about KCP&L's DSM programs in light of the completion of its regulatory plan:

> … the structure of the Regulatory Plan, and the fact that many of these programs were authorized using the supporting budget information from the Plan, some even including annual budget amounts within the tariffs, raise questions about the status of these programs once the five-year period for each or the Regulatory Plan expires, or when the budgeted amounts for the programs have been spent. It is the Company's hope that with the establishment of a rulemaking that adequately provides recovery, all of the programs currently in the portfolio will become permanent. (Page 25, Lines 7-13)

MDNR has reviewed the tariffs that authorize each of the DSM programs authorized by KCP&L's regulatory plan to understand the relationship of program expiration dates, as specified in the tariffs, and the regulatory plan (see Schedule AB2010-1R). These dates, along with Mr. Rush's comments above, raise concerns about whether KCP&L will continue its DSM programs after the conclusion of this rate case.

Q: Please explain your concerns.

A: In his direct testimony, Mr. Rush explained that KCP&L is waiting for the finalization of the MEEIA rules before proposing any changes to its current cost recovery structure (Rush: Page 26, Lines 12 to 22). As described in my direct testimony in this case, there is uncertainty as to date of issuance of the final rule and implementation date of the MEEIA rules

The completion of KCP&L's current rate case will mark the end of its regulatory plan, the agreement behind KCP&L's current DSM portfolio. This plan had an effective term of five years. Our review of the tariffs authorizing KCP&L's programs shows that half of these programs have a term of five or fewer years. For example, KCP&L's lighting program (called "Change a Light" between 2005 and 2008 and “Lighting the Future” in 2009) is constructed as a set of single-year tariffs. Another example is the MPower program, which was approved in 2006, and has a term of five years, suggesting that this program could expire in 2011. KCP&L could easily file tariffs seeking to stop this program after the end of the regulatory plan.

The combination of the completion of KCP&L’s regulatory plan, the potential expiration of particular programs, and the expected delay in the implementation of the MEEIA rules increases the likelihood that KCP&L customers will face a period with no energy efficiency programs available to them.

Q: In his Direct Testimony, Mr. Rush mentions that the current state of cost recovery policies “raise questions about the status of these programs once the five-year period for each or the Regulatory Plan expires, or when the budgeted amounts for the programs have been spent.” Do you have any concerns about the availability of program funds?

A: In my direct testimony I presented a summary of KCP&L DSM portfolio expenditures over the five year period of the regulatory plan presented at KCP&L's February 17, 2010 CPAG meeting. That summary showed that, for the portfolio as a whole, KCP&L has spent **[redacted]** of its budgeted funds.[2] This percentage varies by program. New construction programs have spent less of their budget than retrofit and lighting programs.

[redacted]. These figures indicate three points: first, KCP&L has not yet reached a point where its "budgeted amounts have been spent"; second, KCP&L has been proactive in adjusting its funding levels to meet customer demand for services; and third, although all funds will not be spent by the conclusion of KCP&L's regulatory plan, it is reasonable to anticipate that all budgeted funds will be exhausted in the next few years. This underscores the need to address KCP&L's continued implementation of its DSM portfolio during the anticipated gap between the end of the current rate case and the establishment of KCP&L's DSIM.

[2] See Bickford Direct, Schedule AB2010-2. Case No. ER-2010-0355.

Q: Are any of KCP&L's DSM programs meeting or exceeding their five-year energy savings goals?

A: As shown in schedule AB2010-2 of my direct testimony, many of KCP&L's DSM programs have met or are exceeding their five-year savings goals. As seen in Schedule AB2010-2R[3], KCP&L's demand response programs (MPower and "Energy Optimizer") have met or exceeded their performance and participation goals, despite KCP&L's decision to limit subscription to its commercial curtailment program (MPower) in 2009.

At least three of KCP&L's energy efficiency programs have customer participation and savings levels that exceed the utility's expectations. The C&I Custom Rebate—Retrofit program has consistently saved more energy than expected. The Cool Homes program (which provides tune-ups to air conditioning units) has had more participants than expected every year but 2008.

The Home Performance with Energy Star program is a unique case that illustrates KCP&L's work to find partners and modify the program design to build a successful residential program. This program was not part of the portfolio agreed to in the regulatory plan. Nevertheless, KCP&L has worked with trade allies and with Missouri Gas Energy to match appropriate levels of incentives with an effective program design to create a program that saw its

[3] Schedule AB2010-2R combines information from a series of Strategic Infrastructure Investment Status Reports filed by KCP&L as part of EO-2005-0329, the original Appendix C of the stipulation and agreement to EO-2005-0329, and the materials from MDNR Data Request DNR001. The results of this compilation do not necessarily reflect the data summarized in Schedule AB2001-2, due to the different data sources used in each schedule.

participation increase from 27 homes in the second quarter of 2009 to 718 homes by the end of the third quarter of 2010.

Schedule AB2010-2R shows a population of customers participating in, and realizing benefits from, KCP&L's DSM portfolio. All of the available evidence suggests that customer interest in these programs has increased since 2005, and there is no evidence to suggest that customers will become less interested in realizing the benefits that these programs offer. We believe that KCP&L's customers should continue to have the opportunity to benefit from these programs, regardless of any existing regulatory plan or state policy.

Q: What steps can the Commission take to prevent this potential situation?

A: MDNR believes that the Commission should direct KCP&L to follow the intent of the MEEIA legislation, "to implement commission-approved demand-side programs … with a goal of achieving all cost-effective demand-side savings".[4] This would entail expanding its existing portfolio of DSM programs to include and continue all cost-effective DSM programs until the MEEIA rules are implemented and KCP&L files and the commission approves its DSM plan and an accompanying DSIM. KCP&L should expand the funding available for DSM programs in order to serve the existing demand for energy efficiency.

Q: Does this conclude your testimony?

A.: Yes. Thank you.

[4] Section 393.1124, RSMo, Paragraph 4.

Schedule AB2010-1R: KCP&L DSM Tariffs filed to implement programs in EO-2005-0329

Program Type	Customer Class	Year	Program	Filed	Approved	PSC Tariff Number	Version	Tariff Sheet	Authorized Length (Years)
Affordability	Residential	2005	Low Income Weatherization	11/1/2005	12/1/2005	7	Second	43H	Not Specified In Tariff
Demand Response	Residential	2005	Energy Optimizer	9/14/2005	10/14/2005	7	First	43F	3
Energy Efficiency	Residential	2005	Change a Light (2005)	9/1/2005	10/1/2005	7	First	43E	1
Energy Efficiency	Residential	2005	Home Energy Analyzer	11/21/2005	12/21/2005	7	Original	43J	Not Specified In Tariff
Demand Response	C&I	2006	MPower	1/20/2006	3/8/2006	7	Fifth	21	5
Energy Efficiency	C&I	2006	Business Energy Analyzer	1/12/2006	2/12/2006	7	Original	43J	Not Specified In Tariff
Energy Efficiency	C&I	2006	C&I Audit Rebate	5/30/2006	7/10/2006	7	First	43L	5
Energy Efficiency	C&I	2006	C&I Custom Rebate – Retrofit and New Construction	5/30/2006	7/10/2006	7	First	43D	Not Specified In Tariff
Energy Efficiency	Residential	2006	Change a Light (2006)	9/1/2006	9/28/2006	7	Second	43E	1

Source: Kansas City Power & Light Company Strategic Infrastructure Investment Status Report, Third Quarter 2010 and Kansas City Power and Light tariff filings, 2005 to 2010.

Program Type	Customer Class	Year	Program	Filed	Approved	PSC Tariff Number	Version	Tariff Sheet	Authorized Length (Years)
Affordability	Residential	2007	Affordable New Homes	1/12/2007	2/6/2007	7	Original	43P	Not Specified In Tariff
Energy Efficiency	C&I	2007	Building Operator Certification	1/2/2007	2/2/2007	7	Original	43N	Not Specified In Tariff
Energy Efficiency	Residential	2007	Cool Homes	2/28/2007	3/30/2007	7	Original	43Q	5
Energy Efficiency	Residential	2007	Change a Light (2007)	8/30/2007	9/30/2007	7	Third	43E	1
Energy Efficiency	Residential	2008	Home Performance w/ENERGY STAR®	12/17/2007	1/23/2008	7	Original	43T	5
Energy Efficiency	Residential	2008	ENERGY STAR® New Homes	3/7/2008	4/6/2008	7	First	43X	5

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Schedule AB2010-2R: Summary of participation and energy savings for select KCP&L DSM programs, 2006-2010

****Highly Confidential in its entirety****