

Exhibit No.:

*Issues: Fuel Adjustment Clause,
Renewable Energy Rider*

Witness: Brooke Richter

Sponsoring Party: MoPSC Staff

Type of Exhibit: Rebuttal Testimony

*Case Nos.: 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

BROOKE RICHTER

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

and

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

*Jefferson City, Missouri
August 2018*

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1 **REBUTTAL TESTIMONY OF**

2 **BROOKE RICHTER**

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

5 **and**

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

8 Q. Please state your name, employment position, and business address.

9 A. Brooke Richter, Utility Regulatory Auditor with the Missouri Public Service
10 Commission (“Commission” or “PSC”), 200 Madison Street, Jefferson City, Missouri 65101.

11 Q. Are you the same Brooke Richter who has previously provided testimony in
12 this case?

13 A. Yes. I contributed to Staff’s Cost of Service (“COS”) Report filed in the
14 Kansas City Power & Light Company (“KCPL”) and KCP&L Greater Missouri
15 Operations Company (“GMO”) rate cases designated as Case No. ER-2018-0145 and
16 Case No. ER-2018-0146, respectively, on June 19, 2018. I also contributed to Staff’s Class
17 Cost of Service (“CCOS”) Report filed on July 6, 2018. Finally, I filed rebuttal testimony on
18 July 27, 2018.

19 Q. What is the purpose of your rebuttal testimony?

20 A. The purpose of my rebuttal testimony is to address GMO witness Tim M.
21 Rush’s Fuel Adjustment Clause (“FAC”) direct testimony in which he requests the
22 continuation of the Company’s FAC with modifications. I will also address witness
23 Mr. Rush’s and witness Bradley D. Lutz’s direct testimony on the Renewable Energy Rider
24 proposal.

1 **EXECUTIVE SUMMARY**

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

3 A. I am responding to GMO's request to continue the Company's FAC with
4 modifications. Company witness Mr. Rush proposes to include account 555035, purchased
5 power associated with the Western Area Power Administration ("WAPA") contract, and
6 account 447035, revenues associated with the WAPA contract, in the base factor calculation,
7 however, he did not include these accounts in the FAC tariff sheets. Staff recommends that
8 both of these accounts be included in the Base Factor and the FAC tariff sheets. Company
9 witness Mr. Rush also provides in his proposed tariff sheets an expansion factor for substation
10 to transmission and an expansion factor for transmission voltage level customers. However,
11 he did not discuss the addition of these expansion factors in testimony. Staff does not
12 recommend the addition of an expansion factor for substation to transmission and
13 transmission voltage level customers.

14 Company witnesses Mr. Lutz and Mr. Rush also proposed the unsubscribed portions
15 of the Renewable Energy Rider be flowed through the FAC. Staff recommends that the
16 subscribed customers under the Renewable Energy Rider incur all of the costs and revenues,
17 including those related to unsubscribed portions. Staff also recommends GMO file a separate
18 tab in its FAC monthly reports showing the Renewable Energy Rider Purchased Power
19 Agreements ("PPAs") monthly operating data, costs, and revenues.

20 **FUEL ADJUSTMENT CLAUSE**

21 Q. Did Company witness Mr. Rush include the accounts 555035 and 447035 in
22 the Base Factor calculation?

23 A. Yes.

1 Q. Did Company witness Mr. Rush include these same accounts in his proposed
2 FAC tariff sheets?

3 A. No.

4 Q. Has the Company noted this discrepancy?

5 A. Yes. In its response to Staff Data Request No. 0419,¹ the Company states:

6 As for 555035, we have always included both 447035 (revenue) and
7 555035 (expense) in the FAC. However, when we were required to
8 split out, within the tariffs, sub-accounts, we inadvertently left off these
9 two accounts. Both have been included in the base rate calculation and
10 have also been included in each FAC filing. We would like to make
11 this correction to the compliance tariffs when they are filed. Regarding
12 wording for the tariffs it would be as follows:

13
14 447035: Revenues associated with the WAPA contract

15 555035: Purchased power associated with the WAPA contract

16 Q. What is Staff's recommendation regarding these accounts?

17 A. Staff recommends that both of these accounts be included in the Base Factor
18 and the FAC tariff sheets, just as the Company has correctly stated in its response to Staff
19 Data Request No. 0419.

20 **FAC VOLTAGE ADJUSTMENT FACTORS**

21 Q. GMO witness Mr. Rush provides in his proposed tariff sheets an expansion
22 factor for substation to transmission and an expansion factor for transmission voltage level
23 customers. Is the addition of an expansion factor for substation to transmission and an
24 expansion factor for transmission voltage level customers discussed anywhere in testimony
25 provided by GMO?

¹ Data Request responded to in EFIS on July 16, 2018.

1 A. No, Staff is not aware of any discussion in regards to the addition of an
2 expansion factor for substation to transmission and an expansion factor for transmission
3 voltage level customers in testimony.

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

6 A. On Sheet Nos. 127.22 and 127.23 of the proposed tariff sheets filed in EFIS on
7 January 30, 2018.

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

10 A. As stated by Staff in direct testimony in the CCOS report; "At this time, Staff
11 witness Alan J. Bax continues to use the voltage adjustment factors presently included in the
12 FAC tariff sheets for the most recent general rate cases of KCPL and GMO...".² Therefore,
13 Staff recommends that GMO maintain the two voltage levels currently in place: Primary and
14 Secondary.³

15 **RENEWABLE ENERGY RIDER**

16 Q. What is GMO's proposal for the Renewable Energy Rider regarding the FAC?

17 A. In GMO witness Bradley D. Lutz's direct testimony, on page 28, lines 16
18 through 20, Mr. Lutz states:

19 Although the company will strive to appropriately size the program to
20 meet the needs of the Customers that are participating it is expected
21 that, from time to time, subscription levels will be below the total
22 renewable resource capacity. When that occurs, the Company assumes

² Page 62 and 63 of the CCOS Report.

³ The Table on page 63 of the CCOS Report indicates these two voltage levels are currently used by GMO.

1 the unsubscribed amounts on behalf of all Customers and account for
2 that cost through the Fuel Adjustment Clause.

3 Also on page 28, lines 1 through 5, Mr. Lutz states:

4 Do you anticipate a change will be needed to the Company's Fuel
5 Adjustment Charge to account for this Renewable Energy Program?
6 Yes. Revisions will be needed to exclude amounts associated with the
7 PPAs entered into to satisfy the Renewable Energy Program.
8 Specifically, changes to the Purchased Power and Off System Sales
9 provisions. Those changes are addressed in the testimony of Tim Rush.

10 In GMO's witness Tim M. Rush's testimony on page 4 lines 4 through 17, Mr. Rush states:

11 **Q: Is the Company proposing to make any changes in the FAC**
12 **tariff?**

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

30 The proposed language was added to the proposed Sheet Nos. 127.15 and 127.16. Instead of
31 account 456.1, mentioned in his testimony above, Mr. Rush included the language in revenue
32 account 447020.

1 Q. Will subscribers under the proposed Renewable Energy Rider be responsible
2 for the costs and/or receive any revenues associated with the unsubscribed portion if the costs
3 and revenues for the unsubscribed portion are flowed through the FAC?

4 A. No. For instance, if the market price is more than the contracted PPA price,
5 the unsubscribed portion will generate positive net revenue. However, if the market price is
6 less than the contracted PPA price, the unsubscribed portion will generate negative net
7 revenue, in other words, a cost. The subscribers will not incur the positive or negative net
8 revenue for the unsubscribed portion, because it would all be flowed through the FAC.

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

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

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

20 A. Staff's primary recommendation is that both the subscribed and unsubscribed
21 portions of any wind PPA entered into for purposes of the Renewable Energy Rider should be

⁴ Page 55 and 56 of Staff's Direct Class Cost of Service Testimony filed July 6, 2018.

1 excluded from the GMO FAC. This allows unsubscribed customers to be insulated from all
2 of the costs and all of the revenues associated with the Renewable Energy Rider.

3 Q. Does Staff have other alternatives to GMO's proposal for the Commission
4 to consider?

5 A. Yes. Should the Commission include non-participating customers⁵ in the risks
6 of under-subscription⁶ to the Renewable Energy Rider, and order the unsubscribed portions of
7 any PPAs to be flowed through the FAC, Staff recommends, as an alternative, that all
8 customers be responsible for all costs and receive all of the revenues only if positive net
9 revenues exist for each 6-month accumulation period. If the unsubscribed portion's net
10 revenue is a loss for a 6-month accumulation period, then the net revenue loss would not flow
11 through the FAC, but would be the responsibility of GMO's shareholders.

12 Q. Does Staff have any recommendation concerning the accounting of any
13 Renewable Energy Rider PPA in GMO's FAC Monthly Reports?

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

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

19 A. Staff recommends GMO change the proposed language on FAC tariff Sheet
20 Nos. 127.15 and 127.16 regarding accounts 447020 and 555000 to state, "excluding all

⁵ Non-participating customers is all of the customers that are not subscribed to the Renewable Energy Rider.

⁶ Under-subscription is the portion of the PPA that has not been subscribed to.

Rebuttal Testimony of
Brooke Richter

1 amounts associated with the purchased power agreements as a result of the Renewable Energy
2 Rider Tariff.”

3 Q. If Staff’s alternative is ordered by the Commission, what is Staff’s
4 recommendation?

5 A. Staff recommends GMO modify its FAC tariff in such a manner to comply
6 with the order of the Commission.

7 Q. Does this conclude your rebuttal testimony?

8 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 BROOKE RICHTER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BROOKE RICHTER, 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.

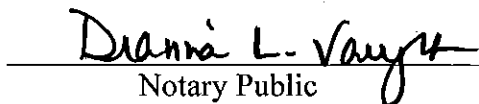


Brooke Richter

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 7th 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