

Exhibit No.:
Issue: *Billing Determinants*
Witness: *Michael L. Stahlman*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2016-0285*
Date Testimony Prepared: *December 30, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

TARIFF / RATE DESIGN UNIT

REBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

Jefferson City, Missouri
December 2016

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL L. STAHLMAN**

4 **KANSAS CITY POWER & LIGHT COMPANY**

5 **CASE NO. ER-2016-0285**

6 Q. Please state your name and business address.

7 A. My name is Michael L. Stahlman, and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission (“Commission”)
11 as a Regulatory Economist III in the Tariff/Rate Design Unit of the Operation Analysis
12 Department in the Commission Staff Division.

13 Q. Are you the same Michael L. Stahlman that supported sections in Staff’s
14 Revenue Requirement Cost of Service Report (“COS Report”)?

15 A. Yes.

16 Q. What is the purpose of your testimony?

17 A. The purpose of my rebuttal testimony is to respond to KCPL’s witnesses
18 Marisol E. Miller and Albert R. Bass, Jr. regarding billing determinant data and KCPL’s
19 adjustment to billing determinants for its MEEIA Cycle 1 energy savings.

20 **RESPONSE TO KCPL WITNESS MARISOL E. MILLER REGARDING BILLING**
21 **DETERMINANTS**

22 Q. Was Staff able to normalize and annualize billing determinants to be used for
23 the revenue calculation through the June 2016 update period?

1 A. No, KCPL was not able to provide billing determinants through June 2016 for
2 the revenue calculation; therefore, Staff used normalized and annualized billing determinants
3 through December 2015 and then grew the kWh and customer counts through June 2016
4 based on Staff's growth calculation, to account for the absent data.

5 Q. Is using the growth calculation an appropriate way to update billing
6 determinants?

7 A. With limited data available, it was the only way for Staff to update billing
8 determinants. However, Staff would prefer to update billing determinants using actual
9 customer usage through the update period.

10 **RESPONSE TO KCPL WITNESS ALBERT R. BASS, JR. REGARDING ENERGY**
11 **EFFICIENCY ADJUSTMENT TO BILLING DETERIMANTS**

12 Q. Did KCPL make an adjustment to test year billing determinants in this case to
13 annualize energy efficiency kWh savings, as a result of its MEEIA Cycle 1 programs that
14 were installed during the test year? Did it treat the savings as if all of the measures were
15 installed for the entire twelve month period?

16 A. Yes, to both actions.

17 Q. Why does KCPL assert it performed this adjustment?

18 A. According to the direct testimony of Mr. Bass, the calculation of
19 KCPL's annualization of energy efficiency savings for MEEIA Cycle 1 programs was
20 calculated pursuant to the agreement filed in KCPL's MEEIA Cycle 2 docket, in Case. No.
21 EO-2015-0240.

22 Q. Did this adjustment pertain in any way to the MEEIA Cycle 2 agreement?

1 A. No. While it appears Mr. Bass followed the process outlined in the MEEIA
2 Cycle 2 agreement, he did so using kWh only associated with MEEIA Cycle 1.

3 Q. Did Mr. Bass' calculation of energy efficiency kWh savings for MEEIA
4 Cycle 1 program change KCPL's calculated revenues?

5 A. Yes. KCPL's revenue adjustment for MEEIA Cycle 1 and MEEIA Cycle 2
6 kWh saving is included in KCPL's weather normalization revenue adjustment, reported by
7 KCPL's witness Ms. Marisol Miller. Although Ms. Miller described this adjustment as the
8 weather normalization revenue adjustment, the adjustment actually reflects three separate
9 kWh adjustments as calculated by Mr. Bass: weather normalization, rate switchers, and
10 MEEIA Cycle 1 and MEEIA Cycle 2 kWh savings.

11 Q. Did Staff calculate a similar annualization to test year billing determinants
12 concerning MEEIA Cycle 1?

13 A. No.

14 Q. Why not?

15 A. The agreement Mr. Bass references does not establish a mechanism for
16 MEEIA Cycle 1, it establishes a mechanism for MEEIA Cycle 2, which did not begin until
17 April, 2016. Staff did not make an adjustment to test year billing determinants to annualize for
18 energy efficiency kWh savings from KCPL's MEEIA Cycle 1 programs for December 31,
19 2016 program levels, because the design of the MEEIA Cycle 1 tracker mechanism does not
20 require a separate rate case billing determinate adjustment. Only a throughput disincentive net

1 shared benefits (TD-NSB) share was stipulated to in the agreement for KCPL's MEEIA
2 Cycle 1.¹

3 Q. Does KCPL's MEEIA Cycle 1 tracker mechanism include provisions to adjust
4 kWh billing determinants in a rate case?

5 A. No.

6 Q. Did KCPL provide any additional testimony on this issue?

7 A. No.

8 Q. Does the MEEIA Cycle 2 mechanism agreed to in Case No. EO-2015-0240
9 provide for an adjustment to billing determinants in a rate case given a corresponding
10 re-basing in the MEEIA Cycle 2 Throughput Disincentive?

11 A. Yes, however, the MEEIA Cycle 2 programs did not go into effect until
12 April 1, 2016 and therefore are outside of the test year period for this rate case.

13 Q. Will Staff be making an adjustment to true-up billing determinants to annualize
14 for MEEIA Cycle 2 energy efficiency savings for programs installed at the end of the true-up
15 period?

16 A. Yes.² Pages 13 – 14 of the Non-Unanimous Stipulation and Agreement
17 Resolving MEEIA Filings in File No. EO-2015-0240 describes the adjustments, including the
18 language provided below:

19 Upon filing a rate case, the cumulative, annualized, normalized
20 kWh and kW savings will be included in the unit sales and sales
21 revenues used in setting rates as of an appropriate time (most
22 likely two months prior to the true-up date) where actual results
23 are known prior to the true-up period, to reflect energy and

¹ Paragraphs 6 and 7 of the Non-Unanimous Stipulation and Agreement Resolving Kansas City Power & Light Company's MEEIA Filing filed on May 27, 2014 in Case No. EO-2014-0095.

² This assumes KCPL will provide the type and quality of data necessary to make this adjustment, consistent with the Agreement.

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1 demand savings in the billing determinants and sales revenues
2 used in setting the revenue requirements and tariffed rates in the
3 case. Upon the adjustment for kWh and kW savings in a rate
4 case, the collection of TD will be re-based.

5 Q. Does this conclude your rebuttal testimony?

6 A. Yes.

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-2016-0285

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Rebuttal; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

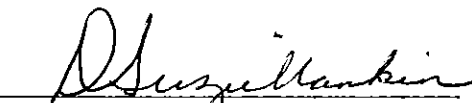


MICHAEL L. STAHLMAN

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 29th day of December, 2016.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2020 Commission Number: 12412070
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Notary Public