

Exhibit No.:
Issue: Custom Rebate Program
Witness: Kimberly H. Winslow
Type of Exhibit: Surrebuttal Testimony in Support of Stipulation
Sponsoring Party: Kansas City Power & Light Company
KCP&L Greater Missouri Operations Company
Case No.: EO-2015-0240
EO-2015-0241
Date Testimony Prepared: December 31, 2015

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO.: EO-2015-0240
EO-2015-0241**

**SURREBUTTAL TESTIMONY
IN SUPPORT OF STIPULATION**

OF

KIMBERLY H. WINSLOW

ON BEHALF OF

**KANSAS CITY POWER & LIGHT COMPANY
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
December 2015**

SURREBUTTAL TESTIMONY IN SUPPORT OF STIPULATION

OF

KIMBERLY H. WINSLOW

CASE NO.: EO-2015-0240

EO-2015-0241

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

2 A: My name is Kimberly H. Winslow. My business address is 1200 Main Street, Kansas
3 City, Missouri 64105.

4 **Q: Are you the same Kimberly H. Winslow who sponsored the August 28, 2015**
5 **Missouri Energy Efficiency Investment Act (“MEEIA”) Cycle 2 2016-2018 report in**
6 **this matter and filed Direct Testimony in Support of Stipulation on December 11,**
7 **2015?**

8 A: Yes, I am.

9 **Q: On whose behalf are you submitting this testimony?**

10 A: I am submitting this Surrebuttal Testimony in Support of Stipulation before the Missouri
11 Public Service Commission (“MPSC” or “Commission”) on behalf of Kansas City Power
12 & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company
13 (“GMO”) (collectively, the “Company”).

14 **Q: What is the purpose of your Surrebuttal Testimony in Support of Stipulation?**

15 A: I am responding to Adam Blake’s Rebuttal Testimony submitted on behalf of Brightergy,
16 LLC (“Brightergy”) on December 21, 2015. I will address several issues that Mr. Blake
17 asserts in his testimony, which include free ridership, impact of the proposed changed to
18 schools and non-profits, his examples of other “comparable” utility rebate programs, and
19 financial impact to customers.

1 **Q: Mr. Blake asserts at page 6 of his Rebuttal Testimony, that there are several**
2 **Midwest custom rebate programs that are currently similar to KCP&L's Cycle 1**
3 **Custom rebate program, where the rebate is calculated as the lesser of the buy down**
4 **to a two year payback or 50 percent of the incremental cost of the higher efficiency**
5 **equipment, system, or energy saving measure but only up to the customer annual**
6 **maximum (cap). Is the summary that he provides accurate?**

7 A: No, it is not accurate. Mr. Blake selectively presents custom rebate program information
8 from other states to make the argument that there are many custom rebate programs
9 similar to the Company's Cycle 1 program. However, he fails to provide important
10 details regarding these programs. To use the idiom, "the devil is in the details" - one
11 must dig deeper to understand the full context of the programs that Mr. Blake presents as
12 comparable programs to the Company's programs. I present in Table 1 below a full
13 summary of the programs that he refers to. When all of the information is considered, the
14 programs that Mr. Blake lists do not support his argument that the Company's MEEIA
15 Cycle 1 programs are comparable with other state's custom rebate programs. Moreover,
16 the full details of the programs support the Company's contention that the MEEIA Cycle
17 2 incentives are more in line with other states' programs.

18 For example, on the Empire District comparison, Mr. Blake fails to identify that
19 the caps are much less than what KCP&L currently has in place, which limits the amount
20 of incentive that the customer would receive. On the Mid-American program, he fails to
21 note that the incentive is based on 25% of Incremental Measure Cost or an amount to buy
22 down the payback to 25% of equipment's useful life. The maximum, not the actual
23 incentive, is not to exceed 60% of project cost or pay to less than a two year payback.

1 And he repeats the same error on the Wisconsin programs (Alliant, MidAmerican and
2 Excel) where the parameters that he includes in his table is the **maximum**, not the
3 incentive. Mr. Blake mistakenly states that the Wisconsin programs have a buy-down to
4 a 1.5-year payback when it is in fact a screen that prohibits incentives from being paid for
5 projects falling under a 1.5-year payback. In addition on the National Grid programs, the
6 LED measures are contained within a prescriptive program, which is similar to our Cycle
7 2 proposal.

8 As I emphasized in my Direct Testimony, KCP&L performed a rigorous review
9 both internally and externally to understand the impact of the changes to the Custom
10 Rebate Program. We leveraged expertise from across the nation with our implementer,
11 CLEAResult, as well as with our consultant, AEG, who assisted us with our program
12 design for Cycle 2. Our decision to change the Custom Rebate program was done with
13 very thoughtful consideration and review of the other programs to fully understand the
14 impact to our ability to meet goals as well as the financial impact to customers.

15

Table 1 – Full Summary of Custom Rebate Programs

Utility	Adam Blake's Custom Rebate Overview	Detailed Program Description & Comparison
KCP&L/GMO	50% of project costs or two-year payback, whichever is less	MEEIA Cycle 1 <ul style="list-style-type: none"> • Annual Cap per customer/territory of \$250k+ • Incentive generally does not increase proportional to increased savings • Vast majority of projects paid at 50% of project cost • Only savings test is societal benefits and lower payback limit
Empire District Electric-Missouri	50% of project costs or two-year payback, whichever is less	<ul style="list-style-type: none"> • Annual Cap per customer of \$20k • Custom rebates are calculated as the lesser of the following: <ul style="list-style-type: none"> ○ A buydown to a two year payback ○ 50% of the incremental cost ○ 50% of lifecycle avoided demand and energy costs
Empire District Electric-Arkansas	50% of project cost, buy down to two-year payback, or 30 cents per kWh, whichever is less	<ul style="list-style-type: none"> • Annual Cap per customer of \$20k • Custom rebates are calculated as the lesser of the following: <ul style="list-style-type: none"> ○ A buydown to a two year payback ○ 50% of the incremental cost ○ 30 cents per kWh
MidAmerican-Iowa	60% of project costs or two-year payback, whichever is less	<ul style="list-style-type: none"> • Annual Cap per customer of \$200k for custom • Incentive based on greater of <u>25%</u> of Incremental Measure Cost or an amount to buy down the payback to <u>25%</u> of equipment's useful life, not to exceed 60% of project cost or pay to less than a 2 year payback
MidAmerican-Illinois	60% of project costs or two-year payback, whichever is less	

Utility	Adam Blake's Custom Rebate Overview	Detailed Program Description & Comparison
We Energies-Wisconsin	50% of project cost or 1.5-year payback, whichever is less	<ul style="list-style-type: none"> • These programs are implemented through Focus on Energy • Program pays \$0.06/kWh and \$125/kW-peak
Alliant Energy-Wisconsin	50% of project cost or 1.5-year payback, whichever is less	<ul style="list-style-type: none"> • Parameters put forth by Brightergy are <u>caps, NOT standard incentive payment amounts.</u>
Xcel Energy-Wisconsin	50% of project cost or 1.5-year payback, whichever is less	<ul style="list-style-type: none"> • Program states that incentives will not be provided for projects falling under a 1.5-year payback (not a buy-down to a 1.5-year payback) • If projects in KCP&L program were evaluated similarly, very few would reach limits, most would end up with effective incentive of <u>\$0.07/kWh to \$0.12/kWh</u> • Several common LED fixtures/lamps are prescriptive measures at incentive levels lower than those proposed by KCP&L
National Grid-Rhode Island	50% of project costs or one-year payback, whichever is less	<ul style="list-style-type: none"> • Advertised as covering <u>up to 50%</u> of the project cost, or an amount that buys down cost to a 1 year payback • Several common LED fixtures/lamps are prescriptive measures
National Grid-Massachusetts	50% of project cost or 1.5-year payback, whichever is less	<ul style="list-style-type: none"> • Advertised as covering <u>up to 50%</u> of the project cost, or an amount that buys down cost to a 1.5 year payback • Several common LED fixtures/lamps are prescriptive measures
National Grid-New York	50% of project cost or one-year payback, whichever is less	<ul style="list-style-type: none"> • Advertised as covering <u>up to 50%</u> of the project cost, or an amount that buys down cost to a 1 year payback • Several common LED fixtures/lamps are prescriptive measures
Eversource-Massachusetts	50% of project cost or two-year payback, whichever is less	<ul style="list-style-type: none"> • Appears to be same Mass Saves program as national grid (same application)– both Eversource and National Grid are electric program administrators

1 **Q: Mr. Blake also implies that the Commission should be concerned that changing the**
2 **Custom Rebate Program to a flat rate incentive structure would increase free**
3 **ridership and asserts the proposed program is possibly a “waste of customer**
4 **money”. Do you agree with this?**

5 A: No, I do not. Mr. Blake provides no data to support this allegation. The Company’s
6 proposed 10 cent per kWh flat incentive rate structure would continue to incent
7 customers to participate in the Custom Rebate Program and provide for significant energy
8 savings. As I stated in my Direct Testimony, Ameren has had an extremely successful
9 program based on the flat rate incentive structure. They achieved a net to gross ratio of
10 over 92 percent in 2013 and 2014 with a custom incentive rate of \$0.07 per kWh for non-
11 lighting measures and \$0.06 per kWh for lighting measures. This data is supported by
12 their EM&Vs, which were approved and accepted by the Commission, the State EM&V
13 Auditor and Missouri stakeholders. Mr. Blake provides no evidence to support his
14 anecdotal claim that customers would do the project anyway at a low incentive level,
15 which would result in high free ridership.

16 **Q: Is Brightergy the only trade ally that participates in KCP&L’s Custom Rebate**
17 **Program?**

18 A: Certainly not. The Company currently has over 200 participating trade allies.

19 **Q: Have other trade allies expressed concern over the proposed flat rate incentive and**
20 **how that will impact a customer’s ability to move forward with energy efficiency**
21 **projects or with respect to loss of jobs?**

22 A: Other trade allies have expressed minimal or no concern. As I addressed in my Direct
23 Testimony on page 12, line 7, the Company communicated its Cycle 2 proposal as early

1 as July 2015 in a Trade Ally Forum with over 100 trade allies in attendance. The
2 Company further reiterated the proposal during its December 6, 2015 Trade Ally Forum
3 and received no feedback from trade allies that the changes would be detrimental to their
4 businesses, customers, economy, or furtherance of energy efficiency. Brightergy was
5 also in attendance and did not address its concerns with the Company, or with the larger
6 trade ally population, in either setting.

7 **Q: Mr. Blake is concerned that school districts will be negatively impacted by the flat**
8 **rate incentive structure. Do you believe that to be true?**

9 A: No, I do not. Mr. Blake asserts that public school districts will be “significantly
10 penalized” by the proposed change and that there will be a “dramatic” change in
11 participation by schools. This is contrary to the positions of other trade allies that
12 participate in the Custom Rebate Program and who also specialize in working with
13 school districts. For example, the Company received positive comments from Navitas
14 shortly after the December 2015 Trade Ally Forum, which supports the flat rate
15 incentive, as well as the movement of LEDs to the prescriptive program.

16 *Just wanted to take a few minutes to provide some positive feedback about*
17 *the KCPL rebate program, both the current and proposed. As*
18 *Engineering Manager at an ESCO working primarily with K-12 schools, I*
19 *have found that the rebate program has been a great incentive for*
20 *District’s needing to make improvements to their facilities. The dollars*
21 *received, or planned to receive, through this program has been very*
22 *beneficial in helping them be able to meet their facility needs with highly*
23 *efficient equipment.*

24 *I was glad to get the additional information yesterday on the proposed*
25 *program starting in 2016. Transitioning the LED lighting to the standard*
26 *rebate side will make it easier for us to anticipate what the rebate will be*
27 *up front, making it easier for our customers to decide whether or not to*
28 *use this higher efficiency lighting instead of the more traditional lighting.*

1 *I was also really pleased to know that there is consideration of including*
2 *retrocommissioning as part of the rebate program. We have found that*
3 *doing this commissioning on existing buildings and continuing to monitor*
4 *the facilities after our work is done is having a great impact on reducing*
5 *their energy use.*

6 *We and our customers really appreciate the efforts of KCPL in continuing*
7 *this great program.*

8 *Thanks -*
9 *Amy Nemeth, P.E. *, CEM, CSDP, LEED AP*

10 I have also attached her email in its entirety as Schedule KHW-1.

11 **Q: Mr. Blake is also concerned that the flat rate incentive structure will negatively**
12 **impact nonprofit customers. Has KCP&L addressed this in their filing?**

13 A: Not specifically, but KCP&L has also proposed a Small Business Direct Install (“SBDI”)
14 program, which would be an ideal program for nonprofit customers to participate. The
15 SBDI program offers customers an energy assessment that includes information on
16 potential energy savings and anticipated payback as well as incentives that cover up to
17 70% percent of the equipment and installation costs. This program was specifically
18 designed for those customers who are not as energy minded as larger customers. The
19 implementation strategy includes a walk through audit, direct installation of measures,
20 and customer education.

21 **Q: Mr. Blake states at page 3 of his testimony, that the Company can make unilateral**
22 **changes to incentive levels without input from stakeholders. Do you agree with this**
23 **statement?**

24 A: First of all, this claim was not contained in Brightergy’s November 30, 2015 objection to
25 the Stipulation. For this reason, it should not be considered by the Commission.
26 Additionally, the Company’s proposed tariffs provide that the incentives can be adjusted

1 with the involvement of Commission Staff, the Office of Public Counsel and the Missouri
2 Department of Economic Development – Division of Energy through an 11 step change
3 process.

4 **Q: Mr. Blake claims at page 5 that KCP&L has recognized that a two year payback is**
5 **an appropriate marker to incentivize customers to invest in energy efficiency**
6 **projects. Is this correct?**

7 A: No, there is no “one size fits all” payback period. The Company’s data shows that customers
8 will invest in energy efficiency projects with payback periods that range from two to ten
9 years.

10 **Q: Brightergy advocates at page 2 of Mr. Blake’s testimony that the Commission order**
11 **the Company to continue the existing MEEIA Cycle 1 Customer Rebate Program.**
12 **If KCP&L were to revert back to the incentive structure of its Cycle 1 and not adopt**
13 **the flat rate incentive structure of 10 cents per kWh, would there be a budget**
14 **impact?**

15 A: First of all, the Company cannot revert back to the Cycle 1 program, as those program
16 tariffs are no longer in effect. However, assuming that the tariffs were operative, not only
17 would there be a budget impact, but one must remember that customers (participating and
18 non-participating) must also then pay for the cost of these energy efficiency programs. If
19 the Company were to revert back to the 2 year payback/50% of incremental cost model,
20 there would be a significant impact to customers with respect to their Demand Side
21 Investment Mechanism (“DSIM”) charge.

22 For illustrative purposes, the table below presents the impact of the incentive
23 budget only if one were to assume an average 25 cent/kWh incentive rebate level relative
24 to a 10 cent/kWh using the projected energy savings level that the Company filed in its

1 Non-Unanimous Stipulation and Agreement Resolving MEEIA Filings filed on
 2 November 23, 2015 in this docket (“Stipulation”). The additional impact to the budget
 3 and customers is \$11 million dollars. This is not an insignificant amount of money. This
 4 amount must then be recovered through the DSIM charge. The Company’s preliminary
 5 analysis indicates that this would result in about a 15% increase in the DSIM charge to
 6 KCP&L-MO non-residential customers and about an 11% increase in the DSIM charge to
 7 GMO non-residential customers.

	Custom Program Energy Savings (kWh)	Incentive Budget @ 10 cents/kWh	Incentive Budget @ 25 cents/kWh	Incentive Budget Increase
GMO	30,079,932	\$3,007,993	\$7,519,983	\$4,511,990
KCP&L-MO	44,361,460	\$4,436,146	\$11,090,365	\$6,654,219
Total	74,441,392	\$7,444,139	\$18,610,348	\$11,166,209
% Increase				50%

8 **Q: Does the Company maintain that moving to the 10 cent per kWh flat rebate**
 9 **incentive level is the correct path moving forward?**

10 A: Yes, it does. Mr. Blake has provided no convincing evidence that would cause the
 11 Company to reconsider its incentive levels nor should it persuade the Commission to
 12 reject the Stipulation. We believe that customers will still continue to make energy
 13 efficiency investments as a result of our Custom Rebate program and that they will do so
 14 because they will still realize a significant savings and reduced payback period. We also
 15 strongly believe that to revert back to the current model would result in the Company
 16 paying almost twice what it needs to do to incent the same behavior, which has a
 17 resulting harmful impact on the customer’s DSIM charge.

18 **Q: Does that conclude your Surrebuttal Testimony?**

19 A: Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)
File No. EO-2015-0240

In the Matter of KCP&L Greater Missouri)
Operations Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)
File No. EO-2015-0241

AFFIDAVIT OF KIMBERLY H. WINSLOW


STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss

Kimberly H. Winslow, being first duly sworn on her oath, states:

1. My name is Kimberly H. Winslow. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Energy Solutions.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of KCP&L and KCP&L Greater Missouri Operations Company consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned dockets.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Kimberly H. Winslow

Subscribed and sworn before me this 31st day of December, 2015.

Nicole A. Wehry
Notary Public

My commission expires: Feb 4 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200

From: Amy Nemeth [<mailto:anemeth@navitas.us.com>]
Sent: Wednesday, December 09, 2015 5:54 PM
To: Brannan Kevin
Cc: Bobby Castaneda
Subject: KCPL Rebate Program

Kevin,

Just wanted to take a few minutes to provide some positive feedback about the KCPL rebate program, both the current and proposed.

As Engineering Manager at an ESCO working primarily with K-12 schools, I have found that the rebate program has been a great incentive for District's needing to make improvements to their facilities. The dollars received, or planned to receive, through this program has been very beneficial in helping them be able to meet their facility needs with highly efficient equipment.

I was glad to get the additional information yesterday on the proposed program starting in 2016. Transitioning the LED lighting to the standard rebate side will make it easier for us to anticipate what the rebate will be up front, making it easier for our customers to decide whether or not to use this higher efficiency lighting instead of the more traditional lighting.

I was also really pleased to know that there is consideration of including retrocommissioning as part of the rebate program. We have found that doing this commissioning on existing buildings and continuing to monitor the facilities after our work is done is having a great impact on reducing their energy use.

We and our customers really appreciate the efforts of KCPL in continuing this great program.

Thanks -

Amy Nemeth, P.E.*, CEM, CSDP, LEED AP
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