

Exhibit No.:
Issues: Support for Proposed Programs
and Initiatives; Recommended
Modifications
Witness: Martin R. Hyman
Sponsoring Party: Missouri Department of
Economic Development –
Division of Energy
Type of Exhibit: Rebuttal Testimony
Case Nos.: EO-2019-0132
EO-2019-0133

MISSOURI PUBLIC SERVICE COMMISSION

KANSAS CITY POWER & LIGHT COMPANY

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NOS. EO-2019-0132 and EO-2019-0133

REBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
August 19, 2019

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

In the Matter of Kansas City Power & Light)
Company's Application for Authority to Establish a) **File No. EO-2019-0132**
Demand-Side Programs Investment Mechanism)

In the Matter of KCP&L Greater Missouri Operations)
Application for Authority to Establish a Demand-) **File No. EO-2019-0133**
Side Programs Investment Mechanism)

AFFIDAVIT OF MARTIN R. HYMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 19th day of August, 2019.


Notary Public

My commission expires:

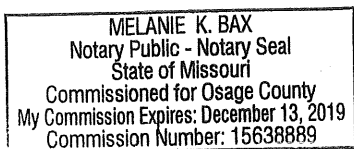


TABLE OF CONTENTS

I. INTRODUCTION 1

II. PURPOSE AND SUMMARY OF TESTIMONY 2

III. SUPPORT FOR PROPOSED PROGRAMS AND INITIATIVES 3

IV. RECOMMENDED MODIFICATIONS..... 6

V. CONCLUSIONS..... 7

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite
4 720, PO Box 1766, Jefferson City, Missouri 65102.

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

6 A. I am employed by the Missouri Department of Economic Development (“DED”) –
7 Division of Energy (“DE”) as a Senior Energy Policy Analyst, Planner III.

8 **Q. Please describe your educational background and employment experience.**

9 A. In 2011, I graduated from the School of Public and Environmental Affairs at Indiana
10 University in Bloomington with a Master of Public Affairs and a Master of Science
11 in Environmental Science. There, I worked as a graduate assistant, primarily
12 investigating issues surrounding energy-related funding under the American
13 Recovery and Reinvestment Act of 2009. I also worked as a teaching assistant in
14 graduate school and interned at the White House Council on Environmental
15 Quality in the summer of 2011. I began employment with DE in September 2014.
16 Prior to that, I worked as a contractor for the U.S. Environmental Protection Agency
17 to coordinate intra-agency modeling discussions. Since joining DE, I have been
18 involved in a number of utility cases and other proceedings before the Missouri
19 Public Service Commission (“Commission”) as DE’s lead policy witness and have
20 assisted DE on legislative issues and the development of the Comprehensive
21 State Energy Plan. Topics that I address as a part of my duties include demand-
22 side programs, in-state energy resources, renewable energy, electric vehicles, and
23 grid modernization.

1 **Q. Have you previously filed testimony before the Commission on behalf of DE**
2 **or any other party?**

3 A. Yes. Please see Schedule MRH-Reb1 for a summary of my case participation.

4 **II. PURPOSE AND SUMMARY OF TESTIMONY**

5 **Q. What is the purpose of your Rebuttal Testimony in this proceeding?**

6 A. The purpose of my testimony is to provide DE's general support for Kansas City
7 Power & Light Company's and KCP&L Greater Missouri Operations Company's
8 (collectively, "KCP&L" or "Companies") proposed programs and initiatives under
9 the Missouri Energy Efficiency Investment Act ("MEEIA") for third cycles of
10 programs ("Cycle 3"). Approval of KCP&L's proposed programs and initiatives is
11 consistent with the statutory goal of achieving all cost-effective demand-side
12 savings (Section 393.1075.4, RSMo.), as well as with providing KCP&L customers
13 with enhanced opportunities to improve the management of their utility usage and
14 bills.

15 In addition, I provide recommendations for modifying the Companies' proposals.
16 DE recommends renaming the residential "Heating, Cooling & Weatherization"
17 programs to avoid program participant confusion and amending the Companies'
18 tariffs to address participation eligibility of customers receiving certain tax credits,
19 as authorized by statute. My testimony does not address other components of the
20 Companies' proposals, including the budgets and earnings opportunities.

1 **III. SUPPORT FOR PROPOSED PROGRAMS AND INITIATIVES**

2 **Q. Please provide background information on MEEIA.**

3 A. MEEIA includes several important provisions. Section 393.1075.3, RSMo. states
4 that the state's policy is to value demand-side and supply-side investments
5 equivalently, and part (2) thereof states that the Commission shall, "... Ensure that
6 utility financial incentives are aligned with helping customers use energy more
7 efficiently and in a manner that sustains or enhances utility customers' incentives
8 to use energy more efficiently" Under Section 393.1075.4, RSMo., there is a
9 stated, "... goal of achieving all cost-effective demand-side savings."

10 Demand-side programs create system cost savings opportunities and provide
11 utility customers with greater control over their energy consumption, enabling them
12 to manage their bills in order to save money. Low-income demand-side programs
13 can also improve energy security for vulnerable households. As system load
14 requirements decline, particularly during peak usage periods, utility costs may also
15 decline, creating savings opportunities for all customers.

16 **Q. In general, does DE support the Companies' proposed programs and**
17 **initiatives?**

18 A. Yes. DE also offers the suggestions described below and in DE witness Ms. Jane
19 E. Epperson's testimony.

20 **Q. Is it important to enable the Companies to continue offering MEEIA programs**
21 **without interruption?**

22 A. Yes. There are two main reasons why continuity is important. First, MEEIA has a
23 positive economic effect on Missouri. KCP&L describes local economic

1 development impacts in its filing, including Missouri contractors directly involved in
2 delivering Cycle 2 programs.¹ Union Electric Company d/b/a Ameren Missouri
3 indicated that the economic activity created from its proposed Cycle 3 programs
4 would have supported an average of 1,625 jobs each year.² Discontinuity in
5 program offerings can be disruptive to trade allies,³ whose partnerships with the
6 Companies create local economic activity.

7 Second, interrupting the continuity of MEEIA programs could be disruptive to the
8 ability of KCP&L to achieve long-run savings because of the potential need to
9 “ramp up” program activity after a pause in offerings.⁴ Program gaps may also lead
10 to customer confusion and uncertainty as to the availability of energy efficiency
11 offerings, lowering participation and, therefore, benefits to the Companies and
12 customer.

13 **Q. Are the Companies’ proposals cost-effective?**

14 A. Yes, the programs required to pass a cost-effectiveness test are cost-effective.
15 Under Section 393.1075.4, RSMo., the Total Resource Cost (“TRC”) test is a
16 preferred test. Generally, the TRC test compares the utility’s avoided costs,

¹ Missouri Public Service Commission Case Nos. EO-2019-0132 and EO-2019-0133, *In the Matter of Kansas City Power & Light Company’s Application for Authority to Establish a Demand-Side Programs Investment Mechanism and In the Matter of KCP&L Greater Missouri Operations Application for Authority to Establish a Demand-Side Programs Investment Mechanism*, MEEIA Cycle 3 2019-2022 Filing, November 29, 2018, page 25.

² Missouri Public Service Commission Case No. EO-2018-0211, *In the Matter of Union Electric Company d/b/a Ameren Missouri’s 3rd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA*, Surrebuttal Testimony of William (“Bill”) R. Davis on Behalf of Union Electric Company d/b/a Ameren Missouri, September 17, 2018, Schedule WRD-SR1-12.

³ Trade allies are contractors that agree to partner with KCP&L to offer MEEIA-supported rebates and they play an important role in delivering energy-efficient and cost-saving products and services to Missouri customers.

⁴ See EO-2019-0132 and EO-2019-0133, MEEIA Cycle 3 2019-2022 Filing, page 20.

1 including probable environmental costs, to all incremental costs of end-use
2 measures (including costs to administer, deliver and evaluate the programs that
3 are implemented).⁵ Any TRC test scores above 1.00 indicate that the system
4 benefits of the portfolios outweigh the costs. The Home Energy Report programs
5 for Kansas City Power & Light Company and the Income-Eligible Multi-Family
6 programs and Online Energy Audits⁶ for both Companies are not required to be
7 cost tested per Section 393.1075.4, RSMo.: “Programs targeted to low-income
8 customers or general education campaigns do not need to meet a cost-
9 effectiveness test, so long as the commission determines that the program or
10 campaign is in the public interest.” While DE does not recommend any changes in
11 cost-effectiveness testing methods in this case, I would note that including
12 participant benefits in the TRC tests – consistent with recommended best
13 practices⁷ – could result in higher cost-effectiveness test results, reaffirming that
14 the benefits of the portfolios outweigh their costs.

⁵ 4 CSR 240-20-092(1)(WW) Definitions for Demand-Side Programs and Demand-Side Programs Investment Mechanisms.

⁶ Cost-effectiveness test results are not provided for the Online Energy Audits. However, the Online Energy Audits could be considered general education programs that do not have to pass cost-effectiveness tests under Section 393.1075.4, RSMo.

⁷ Woolf, Tim, Neme, Chris, Kushler, Marty, Schiller, Steven R., Eckman, Tom, and Michals, Julie, 2017, *National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources*, National Efficiency Screening Project, https://nationalefficiencyscreening.org/wp-content/uploads/2017/05/NSPM_May-2017_final.pdf, page 113.

1 **IV. RECOMMENDED MODIFICATIONS**

2 **Q. Why does DE recommend changing the name of the Companies' proposed**
3 **residential "Heating, Cooling & Weatherization" programs?⁸**

4 A. DE administers the federal Low-Income Weatherization Assistance Program in
5 Missouri,⁹ and the Companies provide support for weatherization programs in their
6 respective territories through their base rates.¹⁰ Using the word "weatherization"
7 in the titles for these MEEIA-based programs could create confusion among
8 income-eligible customers and Community Action Agencies. Weatherization-
9 qualified households could pay more or potentially be directed away from the most
10 affordable programs available to them. To avoid this potential confusion, DE
11 recommends that the Companies change the names of their MEEIA programs to
12 the "Heating, Cooling, and Home Comfort" programs or an alternative that avoids
13 the use of the term "weatherization."

14 **Q. Do you have any other recommendations?**

15 A. Yes. The tariffs accompanying the Companies' applications indicate that recipients
16 of the Missouri Low-Income Housing Tax Credit (Sections 135.350 through
17 135.362, RSMo.) or the Historic Structures Rehabilitation Tax Credit (Sections
18 253.545 through 253.561, RSMo.) may not receive "monetary incentives" under

⁸ See EO-2019-0132 and EO-2019-0133, MEEIA Cycle 3 2019-2022 Filing, page 28.

⁹ Missouri Division of Energy. Undated. "Weatherization Program Facts."
<https://energy.mo.gov/assistance-programs/liwap/facts>.

¹⁰ Missouri Public Service Commission Case Nos. ER-2018-0145 and 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* and *In the Matter of KCP&L Greater Missouri Operations Company's Request for Authorization to Implement A General Rate Increase for Electric Service*, Non-Unanimous Partial Stipulation and Agreement, September 19, 2018, pages 10-11.

1 many of the Companies' programs.¹¹ The prohibition on participation in MEEIA
2 programs by recipients of these tax credits was removed from MEEIA through
3 CCS#2/HCS/SCS/SB 112 (2017).¹² DE recommends removing the
4 aforementioned prohibitions from the Companies' tariffs in accordance with the
5 revised MEEIA statute, which will better clarify participant eligibility.

6 **V. CONCLUSIONS**

7 **Q. Please summarize your conclusions and recommendations.**

8 A. DE generally supports the Companies' proposed MEEIA Cycle 3 programs and
9 initiatives and also recommends (1) renaming the residential "Heating, Cooling &
10 Weatherization" programs, and (2) amending KCP&L's tariffs to address the
11 participation eligibility of customers receiving certain tax credits. Approval of
12 KCP&L's proposed programs and initiatives is consistent with the statutory goal of
13 achieving all cost-effective demand-side savings (Section 393.1075.4, RSMo.), as
14 well as with providing KCP&L customers with enhanced opportunities to improve
15 control over their utility bills.

16 **Q. Does this conclude your Rebuttal Testimony?**

17 A. Yes.

¹¹ Missouri Public Service Commission Case Nos. EO-2019-0132 and EO-2019-0133, *In the Matter of Kansas City Power & Light Company's Application for Authority to Establish a Demand-Side Programs Investment Mechanism* and *In the Matter of KCP&L Greater Missouri Operations Application for Authority to Establish a Demand-Side Programs Investment Mechanism*, Appendix 8.1 – Program Tariff Sheets, November 29, 2018, Sheet Nos. 1.72, 1.84, R-63, and R-63.14.

¹² Missouri General Assembly, CCS#2/HCS/SCS/SB 112 (2017), 99th General Assembly, <https://www.senate.mo.gov/17info/pdf-bill/tat/SB112.pdf>, pages 36-37, lines 108-124.