

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri Metro
Case No.: ER-2021- 0410
Date Testimony Prepared: June 1, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2021- 0410

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

EVERGY METRO, INC. d/b/a EVERGY MISSOURI METRO

**Kansas City, Missouri
June 2021**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2021-0410

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

2 A: My name is Lisa A. Starkebaum. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy or the “Company” as Manager - Regulatory Affairs.

6 **Q: What are your responsibilities?**

7 A: My responsibilities include the coordination, preparation and review of financial
8 information and schedules associated with the Company’s compliance filings for Evergy
9 including: Evergy Kansas Central, Evergy Kansas Metro, Evergy Missouri Metro and
10 Evergy Missouri West.

11 **Q: Please describe your education.**

12 A: In 1994, I received a Bachelor of Science Degree in Finance from Northwest Missouri
13 State University in Maryville, Missouri.

14 **Q: Please provide your work experience.**

15 A: In 1995, I joined Cerner Corporation as an Accountant in the Finance Department
16 assisting with month-end close and reporting responsibilities. In 1997, I joined Aquila,
17 Inc. (“Aquila”) where I worked in the Financial and Regulatory Reporting group as an
18 Accountant, until joining Regulatory Accounting Services as a Regulatory Analyst in
19 1999. I was employed by Aquila for a total of 11 years prior to beginning my

1 employment with KCP&L in July 2008 as a part of the acquisition of Aquila, Inc., by
2 Great Plains Energy Incorporated. Since that time, I have held various positions with
3 increasing responsibilities within Regulatory Accounting Services and Regulatory
4 Affairs. As a Lead Analyst in the Regulatory Affairs department, my main areas of
5 responsibility included the preparation of FERC and jurisdictional reporting, as well as
6 assisting with the preparation of rate cases and providing rate case support. In December
7 2015, I became a Supervisor, Regulatory Affairs responsible for overseeing a team
8 dedicated to compliance reporting and was later promoted to Manager, Regulatory
9 Affairs effective June 2018. In my current position, I am responsible for overseeing
10 various reporting requirements to ensure Evergy is compliant with its jurisdictional rules
11 and regulations, in addition to the implementation of new reporting or commitments
12 resulting from various rate case orders and other regulatory filings. In addition, I oversee
13 the coordination, review and filing of various rider mechanisms.

14 **Q: Have you previously testified in a proceeding before the Missouri Public Service**
15 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**
16 **agency?**

17 A: Yes, I have testified before the MPSC, the Kansas Corporation Commission (“KCC” or
18 “Commission”), and have provided written testimony before the Public Utilities
19 Commission of Colorado. I have sponsored testimony in Missouri related to various tariff
20 filings involving rider mechanisms utilized by the Company. In addition, I have worked
21 closely with both MPSC and KCC Staff on numerous filings and rate case matters.

22 **Q: What is the purpose of your testimony?**

1 A: The purpose of my testimony is to support the rate schedule filed by Evergy Missouri
2 Metro to adjust the Demand Side Investment Mechanism (“DSIM”) Rider. My testimony
3 will explain the change to the DSIM components based upon actual performance in the
4 six-month period ending April 2021, as well as forecasted performance through June
5 2022 for Cycle 3 Program Costs (“PC”) and Cycle 2 and Cycle 3 Throughput
6 Disincentive (“TD”). In addition, Earnings Opportunity (“EO”) for Cycle 2 for the three
7 program years beginning April 2016 through March 2019 and the EO for the Cycle 2
8 extension program year April 2019 through December 2019 is included in this rider
9 update. The proposed change in rates will result in an increase to a residential customer’s
10 rate from \$0.00600 to \$0.00603 per kWh or an increase of \$0.03 for every 1,000 kWh.
11 Please see the table below for a comparison by rate schedule of proposed DSIM rates to
12 currently effective rates and the impact to a customer using 1,000 kWh.

Rate Schedule	Total Current DSIM ER-2021-0152 (\$/kWh)	Total Proposed DSIM (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00600	\$0.00603	\$0.00003	\$0.03
Non-Res Service – SGS	\$0.00457	\$0.00221	(\$0.00236)	(\$2.36)
Non-Res Service - MGS	\$0.00535	\$0.00490	(\$0.00045)	(\$0.45)
Non-Res Service – LGS	\$0.00382	\$0.00355	(\$0.00027)	(\$0.27)
Non-Res Service – LPS	\$0.00282	\$0.00248	(\$0.00034)	(\$0.34)

13

14 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

15 A: The requirements for adjustment of DSIM rates are found in Commission rules 20 CSR
16 4240-20.093(4). In summary, the requirements outline that the update filing include
17 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

- 1 A) Amount of revenue that was over-collected or under-collected through the most
- 2 recent recovery period by rate class.
- 3 B) Proposed positive or negative adjustments by rate class.
- 4 C) Electric utility's short-term borrowing rate.
- 5 D) Proposed adjustments to the current DSIM rates.
- 6 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 7 F) Any additional information the Commission ordered to be provided.
- 8 G) Annual report as required by 20 CSR 4240-20.093(9).

9 As part of my Direct Testimony, I have included the information required for update of
10 the DSIM rate in the attached Schedules LAS-1 and LAS-2. In addition, the Company's
11 2020 Demand-Side Program Annual Report for MEEIA Cycle 2, referenced in Item G
12 above, was filed on June 29, 2020 in Case No. EO-2020-0418. The 2020 Demand-Side
13 Program Annual Report for MEEIA Cycle 3, referenced in Item G above, was filed on
14 March 31, 2021 in Case No. EO-2021-0323.

15 **Q: Are you sponsoring this information?**

16 A: Yes, I am.

17 **Q: Please explain why Evergy Missouri Metro has filed an adjusted DSIM rate**
18 **schedule at this time?**

19 A: The Commission's rule governing DSIM filings and submission requirements for electric
20 utilities specifically 20 CSR 4240-20.093(4) requires Evergy Missouri Metro to make at
21 least annual adjustments of DSIM rates that reflect the amount of revenue that has been
22 over/under collected. Evergy Missouri Metro's DSIM tariff requires two semi-annual
23 rate adjustments to become effective February 1 and August 1 of each year. Based upon

1 actual and estimated performance during the six-month time period(s), DSIM rates may
2 be adjusted up or down.

3 **Q: How did you develop the various DSIM rate components that make up the proposed**
4 **DSIM rate?**

5 A: As the MEEIA Cycle 3 DSIM tariff describes, the DSIM rate components consist of 1)
6 Program Costs (“PC”), Throughput Disincentive (“TD”) and Earnings Opportunity
7 (“EO”) for the MEEIA Cycle 3 Plan, as well as PC, TD and EO for the MEEIA Cycle 2
8 Plan; 2) Reconciliations, with interest, to true-up differences between revenues billed
9 under the DSIM rider and total actual monthly amounts for PC, TD, EO and any
10 remaining true-ups or unrecovered amounts for Cycle 2 and Cycle 3; and 3) any Ordered
11 Adjustments.

12 **Q: How did you develop the various DSIM rate components that make up the proposed**
13 **DSIM rate?**

14 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of
15 projected PC and TD for MEEIA Cycle 3 programs for the 12-months ending June 30,
16 2022 as well as the reconciliation of actual and expected PC and TD for Cycle 3 through
17 April 2021. The MEEIA Cycle 3 costs included in this filing are current forecasted
18 levels of program participation and related costs.

19 Also included for recovery in the calculation of the DSIM rate are MEEIA Cycle 2 TD
20 and EO for the 12-months ending June 30, 2022. Also included is the projected TD
21 associated with Cycle 2 for May 2021 through June 2022 as well as the reconciliation of
22 actual and expected Program Costs, TD and EO for Cycle 2 through April 2021.

23 **Q: Please describe the amount of EO that has been included in this filing.**

1 A: Consistent with the current DSIM rates effective August 1, 2021, the EO included in this
2 filing is based on verified MWh and MW savings for the three program years of Cycle 2
3 beginning April 2016 through March 2019, including EO TD adjustments, and for the
4 Cycle 2 extension year April 2019 through December 2019, including EO TD
5 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 49M and
6 49P. The MEEIA Cycle 2 tariff provides for the recovery of the EO over 24 months.
7 The Company took the total adjusted EO and divided that amount by the four semi-
8 annual rate update periods and has included an EO amount for the current Effective
9 Period (“EP”), or six-months beginning July 2021, plus the succeeding EP as described
10 on tariff Sheet No. 49S. An EO amount totaling \$2,518,892 for Cycle 2 has been
11 included in the calculation of the DSIM rate in this filing. The sum of the PC, TD and
12 EO amounts are divided by the projected billed retail kWh sales, excluding opt-out sales,
13 by rate class for August 2021 through July 2022 to develop the proposed DSIM rates.

14 **Q: Is there anything additional included in this filing that should be noted?**

15 A: In Case No. EO-2019-0132, the Commission issued an Order directing Evergy Missouri
16 Metro to modify its MEEIA Cycle 3 portfolio to include a one-year Pay as You Save
17 (PAYS) pilot program. This pilot program would be filed at least 60-days before such
18 program would go into effect. The Company intends to make this filing in the near
19 future and as such, has included actual PC incurred through April 2021 for this program
20 of \$128,866 in addition to projected PC of \$1,263,980 and TD of \$73,731 through June
21 2022.

22 **Q: If the rate schedule filed by Evergy Missouri Metro is approved, what safeguards**
23 **exist to ensure that the revenues the Company bills to its customers do not exceed**

1 **actual DSM Program Costs, TD incurred, as well as the earnings opportunity or**
2 **performance incentive?**

3 A: Eversource Missouri Metro's DSIM Rider mechanism and the Commission's rules provide
4 two mechanisms to ensure that amounts billed to customers do not exceed Eversource
5 Missouri Metro's actual, prudently incurred DSM Program Costs, TD and performance
6 incentive or EO. First, at the end of each recovery period, the Company is required to
7 true up amounts billed to customers through the DSIM Rider based upon Program Cost
8 and TD actually incurred during that six-month period. Per MEEIA rule 20 CSR 4240-
9 20.093(4), these adjustments will be supported by complete documentation and
10 workpapers that demonstrate the need for DSIM rate adjustment. All proposed
11 adjustments and supporting documentation is subject to review by MPSC Staff and all
12 MEEIA stakeholders. Second, per MEEIA rule 20 CSR 4240-20.093(11), Eversource
13 Missouri Metro's DSIM is subject to periodic prudence reviews by MPSC Staff to ensure
14 that only prudently incurred Program Costs and TD are billed to customers. These two
15 mechanisms serve as checks to ensure that the Company's customers pay only the
16 prudently incurred, actual Program Costs and TD resulting from implementation of
17 MEEIA DSM programs.

18 **Q: Has Eversource Missouri Metro made any adjustments to previously filed costs included**
19 **in the current DSIM rate?**

20 A: Yes, the Company discovered an error with the applicable margin within the short-term
21 interest rate. The short-term interest rate has been reapplied from September 18, 2018
22 through October 31, 2020 included in prior DSIM rate updates.

23 **Q: Has Eversource Missouri Metro been subject to any prudence reviews by MPSC Staff?**

1 A: Yes, Evergy Missouri Metro has been through three prudence reviews and its fourth
2 prudence review was initiated in February 2020.

3 In the first prudence review, initiated by Staff on January 15, 2016 in Case No.
4 EO-2016-0183, Staff recommended seminar training costs of \$6,000 plus interest be
5 returned to customers in the semi-annual DSIM rate update filed on November 30, 2016.

6 The second prudence review was initiated by Staff on February 1, 2017 in Case
7 No. EO-2017-0209. Staff found no instances of imprudence but recommended the
8 Commission approve an adjustment of \$4,723 plus interest resulting from a calculation
9 error found in the Company's performance incentive award amount for Cycle 1 be
10 returned to customers in the semi-annual DSIM rate update filed on June 1, 2018.

11 In the third prudence review initiated by Staff on June 4, 2018 in Case No. EO-
12 2018-0363, the Company, Staff and the Office of the Public Counsel entered into a
13 Unanimous Stipulation and Agreement dated February 20, 2019 which was approved by
14 the Commission on March 6, 2019. As a result of this agreement, the Company included
15 the Ordered Adjustment which reduced proposed costs for recovery by \$8,500 plus
16 carrying costs of \$187 in the rider rate effective August 1, 2019, Case No. ER-2019-
17 0375.

18 Based on its examination and analysis of costs in the fourth prudence review,
19 Case No. EO-2020-0227, Staff believes the Company was imprudent in implementation
20 of the Residential Programmable Thermostat program and implementation of the
21 Demand Response Incentive program. Staff also believes the Company acted
22 imprudently by not calling more demand response events. The Company disputes each of
23 the Staff's findings and believes that it has operated the programs in a prudent manner,

1 consistent with the tariffs approved by the Commission. As of June 1, 2021, this case is
2 not yet resolved. The Commission ordered a procedural schedule of April 21-22, 2021 for
3 evidentiary hearings followed by initial post-hearing briefs due May 24, 2021. The
4 deadline for reply briefs is June 14, 2021.

5 **Q: What action is Evergy Missouri Metro requesting from the Commission with**
6 **respect to the rate schedule that the Company has filed?**

7 A: The Company requests the Commission approve the rate schedule to become effective
8 August 1, 2021.

9 **Q: Does that conclude your testimony?**

10 A: Yes, it does.