

Exhibit No.:  
Issue: Demand Side Investment Mechanism  
Rider  
Witness: Lisa A. Starkebaum  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Evergy Missouri West  
Case No.: ER-2020 \_\_\_\_\_  
Date Testimony Prepared: June 1, 2020

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2020-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**ON BEHALF OF**

**EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST**

**Kansas City, Missouri  
June 2020**



**DIRECT TESTIMONY**

**OF**

**LISA A. STARKEBAUM**

**Case No. ER-2020-\_\_\_\_\_**

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 West 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 2020, as well as forecasted performance through June  
 5 2021 for Cycle 2 and Cycle 3 Program Costs (“PC”) and Throughput Disincentive  
 6 (“TD”). In addition, Earnings Opportunity (“EO”) for Cycle 2 for the three program  
 7 years beginning April 2016 through March 2019 is included in this rider update. The  
 8 proposed change in rates will result in a decrease to a residential customer’s rate from  
 9 \$0.00504 to \$0.00478 per kWh or a decrease of \$0.26 for every 1,000 kWh used. Please  
 10 see the table below for a comparison by rate schedule of proposed DSIM rates to  
 11 currently effective rates and the impact to a customer using 1,000 kWh.

Rate Schedule	Total Current DSIM ER-2020-0155 (\$/kWh)	Total Proposed DSIM (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00504	\$0.00478	(\$0.00026)	(\$0.26)
Non-Res Service – SGS	\$0.00449	\$0.00421	(\$0.00028)	(\$0.28)
Non-Res Service – LGS	\$0.00363	\$0.00330	(\$0.00033)	(\$0.33)
Non-Res Service – LPS	\$0.00240	\$0.00322	\$0.00082	\$0.82

12

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

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

17 A) Amount of revenue that was over-collected or under-collected through the most  
 18 recent recovery period by rate class.

- 1 B) Proposed positive or negative adjustments by rate class.
- 2 C) Electric utility's short-term borrowing rate.
- 3 D) Proposed adjustments to the current DSIM rates.
- 4 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 5 F) Any additional information the Commission ordered to be provided.
- 6 G) Annual report as required by 20 CSR 4240-20.093(9).

7 As part of my Direct Testimony, I have included the information required for update of  
8 the DSIM rate in the attached Schedules LAS-1 and LAS-2. In addition, the Company's  
9 2019 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item G  
10 above, was filed on March 30, 2020 in Case No. EO-2020-0308 and the 2019 Demand-  
11 Side Program Annual Report for MEEIA Cycle 2, referenced in Item G above, was filed  
12 on June 28, 2019 in Case No. EO-2019-0411.

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

14 A: Yes, I am.

15 **Q: Please explain why Evergy Missouri West has filed an adjusted DSIM rate schedule**  
16 **at this time?**

17 A: The Commission's rule governing DSIM filings and submission requirements for electric  
18 utilities, specifically 20 CSR 4240-20.093(4), requires Evergy Missouri West to make at  
19 least annual adjustments of DSIM rates that reflect the amount of revenue that has been  
20 over/under collected. Evergy Missouri West's DSIM tariff requires two semi-annual rate  
21 adjustments to become effective February 1 and August 1 of each year. Based upon  
22 actual and estimated performance during the six-month time period(s), DSIM rates may  
23 be adjusted up or down.

1 **Q: Please describe the various DSIM rate components that make up the proposed**  
2 **DSIM rate.**

3 A: As the MEEIA Cycle 3 DSIM tariff describes, the DSIM rate components consist of 1)  
4 Program Costs (“PC”), Throughput Disincentive (“TD”) and Earnings Opportunity  
5 (“EO”) for the MEEIA Cycle 3 Plan, as well as PC, TD and EO for commission approved  
6 business program projects completed by June 30, 2020 counted under the MEEIA Cycle  
7 2 Plan; 2) Reconciliations, with interest, to true-up differences between revenues billed  
8 under the DSIM rider and total actual monthly amounts for PC, TD, EO and any  
9 remaining true-ups or unrecovered amounts for Cycle 2; and 3) any Ordered  
10 Adjustments.

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

13 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of  
14 projected PC and TD for MEEIA Cycle 3 programs for the 12-months ending June 30,  
15 2021 as well as the reconciliation of actual and expected PC and TD for Cycle 3 through  
16 April 2020. The MEEIA Cycle 3 costs included in this filing are the current forecasted  
17 levels of program participation and related costs.

18 Also included for recovery in the calculation of the DSIM rate are MEEIA Cycle 2  
19 PC, TD and EO for the 12-months ending June 30, 2021. The projected PC related to  
20 Cycle 2 included in this filing consists primarily of Evaluation, Measurement and  
21 Verification (“EMV”) costs for the Extension savings of Cycle 2 programs, and projected  
22 TD associated with Cycle 2 for May 2020 through June 2021 as well as the reconciliation

1 of actual and expected Program Costs, TD and EO for Cycle 2 through April 2020.  
2 Cycle 1 EO was fully collected during the current recovery period.

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

4 A: Consistent with the current DSIM rates effective March 1, 2020, the EO included in this  
5 filing is based on verified MWh and MW savings for the three program years of Cycle 2  
6 beginning April 2016 through March 2019, including EO TD adjustments, which has  
7 been calculated in accordance with Tariff Sheet Nos. 138.6 and 138.8. The MEEIA  
8 Cycle 2 tariff provides for the recovery of the EO over 24 months. The Company took  
9 the total adjusted EO for Plan Years 1-3 and divided that amount by the four semi-annual  
10 rate update periods and has included an EO amount for the current Effective Period  
11 (“EP”), or six-months beginning July 2020, plus the succeeding EP as described on tariff  
12 Sheet No. 138.11. An EO amount totaling \$5,436,565 has been included in the  
13 calculation of the DSIM rate in this filing. The sum of the PC, TD and EO amounts are  
14 divided by the projected billed retail kWh sales, excluding opt-out sales, by rate class for  
15 August 2020 through July 2021 to develop the proposed DSIM rates.

16 **Q: Are there any other items impacting this filing that should be mentioned?**

17 A: As requested in the Company’s supplemental filing made on January 10, 2020 in Case  
18 No. ER-2020-0155, the Company requested a one-time extension of the DSIM rates in  
19 effect at that time until March 1, 2020. This request was necessary due to the timing of  
20 the Commission Order and effective date of compliance tariffs related to MEEIA Cycle  
21 3. The extension period provided additional time necessary for Staff’s review of the  
22 supplemental testimony and supporting documentation to support the Company’s request  
23 for the inclusion of Cycle 3 costs at that time. The Company stated in its supplemental

1 filing that the additional Cycle 2 revenues collected for the month of February 2020  
2 would be included in the Cycle 2 reconciliation in a subsequent filing. As such, the  
3 Company has included the additional Cycle 2 revenues collected during the month of  
4 February 2020 as part of the Cycle 2 reconciliation included in this semi-annual filing.

5 **Q: If the rate schedule filed by Evergy Missouri West is approved, what safeguards**  
6 **exist to ensure that the revenues the Company bills to its customers do not exceed**  
7 **actual DSM Program Costs and TD incurred, as well as the earnings opportunity or**  
8 **performance incentive?**

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

1 **Q: Has Evergy Missouri West made any adjustments to previously filed costs included**  
2 **in the current DSIM rate?**

3 A: No.

4 **Q: Has Evergy Missouri West been subject to any prudence reviews by MPSC Staff?**

5 A: Yes, Evergy Missouri West has been through three prudence reviews and Staff is  
6 currently conducting its fourth prudence review that was initiated in February 2020.

7 In the first and second prudence reviews, Case Nos. EO-2015-0180 and EO-2017-  
8 0210, Staff found no instances of imprudence on the part of Evergy Missouri West.

9 In the third prudence review initiated by Staff on June 4, 2018 in Case No. EO-  
10 2018-0364, the Company, Staff and the Office of the Public Counsel filed a Unanimous  
11 Stipulation and Agreement dated February 20, 2019 which was approved by the  
12 Commission on March 6, 2019. As a result of this agreement, the Company included the  
13 Ordered Adjustment which reduced proposed costs for recovery by \$8,500 plus carrying  
14 costs of \$187 in the rider rate effective August 1, 2019, Case No. ER-2019-0397.

15 Staff's Report and Recommendation based on its examination and analysis of  
16 costs in the fourth prudence review, Case No. EO-2020-0228, is expected by June 30,  
17 2020.

18 **Q: What action is Evergy Missouri West requesting from the Commission with respect**  
19 **to the rate schedule that the Company has filed?**

20 A: The Company requests the Commission approve the rate schedule to become effective  
21 August 1, 2020.

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

23 A: Yes, it does.