

BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of KCP&L Greater Missouri
Operations Company's Application for
Authorization to Suspend Payment of
Certain Solar Rebates

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Case No. ET-2014-0059

Surrebuttal Testimony of

Maurice Brubaker

On behalf of

Missouri Industrial Energy Consumers

September 24, 2013



BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION


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Operations Company’s Application for)) Case No. ET-2014-0059
Authorization to Suspend Payment of))
Certain Solar Rebates))
_____)

STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

Affidavit of Maurice Brubaker

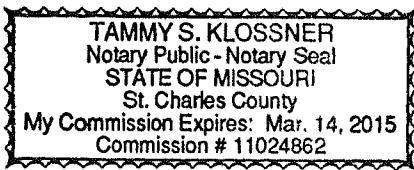
Maurice Brubaker, being first duly sworn, on his oath states:

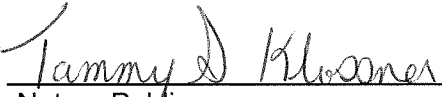
1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Missouri Industrial Energy Consumers in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in the Missouri Public Service Commission’s Case No. ET-2014-0059.
3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Maurice Brubaker

Subscribed and sworn to before me this 23rd day of September, 2013.





Notary Public

**BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION**

In the Matter of KCP&L Greater Missouri Operations Company’s Application for Authorization to Suspend Payment of Certain Solar Rebates)))))))	Case No. ET-2014-0059
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Surrebuttal Testimony of Maurice Brubaker

- 1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**
- 2 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
- 3 Chesterfield, MO 63017.

- 4 **Q WHAT IS YOUR OCCUPATION?**
- 5 A I am a consultant in the field of public utility regulation and President of Brubaker &
- 6 Associates, Inc., energy, economic and regulatory consultants.

- 7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**
- 8 A This information is included in Appendix A to my testimony.

- 9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**
- 10 A I am appearing on behalf of the Missouri Industrial Energy Consumers (“MIEC”).

1 **Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

2 A I shall respond to the rebuttal testimony of Missouri PSC Staff witnesses Eubanks
3 and Oligschlaeger and to the testimony of the witnesses appearing on behalf of the
4 Solar Interests.

5 **Portfolio Comparisons**

6 **Q WHAT DOES THE COMMISSION’S RENEWABLE RULE SPECIFY WITH**
7 **RESPECT TO THE DETERMINATION OF RETAIL RATE IMPACT?**

8 A The rule specifies a comparison between a “non-renewable” portfolio and a
9 “RES-compliant” portfolio. The non-renewable portfolio is determined by adding
10 non-renewable resources to the existing portfolio as required to meet the utility’s
11 needs on a least-cost basis. The RES-compliant portfolio also starts with the existing
12 portfolio and adds an amount of renewable resources necessary to achieve the
13 portfolio standard, plus whatever amount, if any, of non-renewable resources are
14 required to meet the utility’s needs.

15 This is set forth in 4 CSR 240-20.100(5)(B). Specifically:

16 The RES retail rate impact shall be determined by subtracting the total
17 retail revenue requirement incorporating an incremental
18 non-renewable generation and purchased power portfolio from the
19 total retail revenue requirement including an incremental
20 RES-compliant generation and purchased power portfolio. The
21 non-renewable generation and purchased power portfolio shall be
22 determined by adding to the utility’s existing generation and purchased
23 power resource portfolio additional non-renewable resources sufficient
24 to meet the utility’s needs on a least-cost basis for the next ten (10)
25 years. The RES-compliant portfolio shall be determined by adding to
26 the utility’s existing generation and purchased power resource portfolio
27 an amount of renewable resources sufficient to achieve the standard
28 set forth in section (2) of this rule and an amount of least-cost
29 nonrenewable resources, the combination of which is sufficient to meet
30 the utility’s needs for the next ten (10) years. These renewable energy
31 resource additions will utilize the most recent electric utility resource
32 planning analysis.

1 Note that with respect to both portfolios, the starting point is the current
2 generation resources, and the two portfolios to be compared are created by adding
3 either non-renewable or RES-compliant resources to the existing portfolio.

4 Based on this language, and the fact that the objective of the calculation is to
5 determine how much more customers would pay to achieve the RES-compliant
6 portfolio versus what they would pay in the absence of the portfolio standard, I
7 disagree with Staff's conclusion that existing renewable resources should be
8 excluded both from the non-renewable portfolio and the RES compliant portfolio.

9 **Q HOW DO YOU RECONCILE THIS WITH 4 CSR 240-20.100(5)(A) WHICH**
10 **INCLUDES THE FOLLOWING LANGUAGE IN REFERENCE TO RETAIL RATE**
11 **IMPACT: "THE RETAIL RATE IMPACT SHALL BE CALCULATED...AND SHALL**
12 **EXCLUDE RENEWABLE ENERGY RESOURCES OWNED OR UNDER**
13 **CONTRACT PRIOR TO THE EFFECTIVE DATE OF THIS RULE."?**

14 **A** The referenced language does not address the contents of either portfolio, it simply
15 says that these resources shall be excluded from the retail rate impact. The practical
16 way to exclude them from the retail rate impact is to do, as subpart (B) specifies, by
17 including existing resources in both portfolios.

1 **Application Issues**

2 **Q DESPITE DIFFERENCES OF INTERPRETATION OF THE RULE, BOTH**
3 **KCPL-GMO AND PSC STAFF HAVE CONCLUDED THAT KCPL-GMO SHOULD**
4 **CEASE PAYING SOLAR REBATES. THE SOLAR INTERESTS HAVE OPPOSED**
5 **THAT, PROPOSING ALTERNATIVE MEANS OF DEALING WITH RATE IMPACT.**
6 **DO YOU HAVE ANY COMMENTS CONCERNING THE TREATMENT OF**
7 **REBATES IN CALCULATING RETAIL RATE IMPACT UNDER THE RULE?**

8 **A** I do not have any specific recommendations about how to resolve the rebate payment
9 issue, but have a concern about how the impact should be calculated.

10 **Q PLEASE EXPLAIN.**

11 **A** Regardless of how the issue is resolved, the guiding principle should be to ensure
12 that over every measurement period, the difference in the cost of the two portfolios
13 does not exceed 1%. This requires, among other things, that the full consequences
14 of any amortization of cost (should that approach be adopted) be included in the
15 revenue requirement in future years so that the full consequences of any decision are
16 included when measuring rate impact. Also, it is important that all years be included
17 in the analysis. The cost of rebates that have been paid, but which have not yet been
18 reflected in revenue requirements and charged to customers through rates, must be
19 included in those calculations, otherwise there is a risk that the 1% differential would
20 be violated. The same treatment should apply to any rebates that are being paid this
21 year, but are not yet reflected in rates.

22 The overall guiding principle should be that no matter what resources are
23 included, how and when they are paid for, the resulting impact on customers must be
24 a rate impact at or below the specified 1%.

1 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

2 A Yes, it does.

1 **Qualifications of Maurice Brubaker**

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,
4 Chesterfield, MO 63017.

5 **Q PLEASE STATE YOUR OCCUPATION.**

6 A I am a consultant in the field of public utility regulation and President of the firm of
7 Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

8 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
9 **EXPERIENCE.**

10 A I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in
11 Electrical Engineering. Subsequent to graduation I was employed by the Utilities
12 Section of the Engineering and Technology Division of Esso Research and
13 Engineering Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of
14 New Jersey.

15 In the Fall of 1965, I enrolled in the Graduate School of Business at
16 Washington University in St. Louis, Missouri. I was graduated in June of 1967 with
17 the Degree of Master of Business Administration. My major field was finance.

18 From March of 1966 until March of 1970, I was employed by Emerson Electric
19 Company in St. Louis. During this time I pursued the Degree of Master of Science in
20 Engineering at Washington University, which I received in June, 1970.

21 In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,
22 Missouri. Since that time I have been engaged in the preparation of numerous
23 studies relating to electric, gas, and water utilities. These studies have included

1 analyses of the cost to serve various types of customers, the design of rates for utility
2 services, cost forecasts, cogeneration rates and determinations of rate base and
3 operating income. I have also addressed utility resource planning principles and
4 plans, reviewed capacity additions to determine whether or not they were used and
5 useful, addressed demand-side management issues independently and as part of
6 least cost planning, and have reviewed utility determinations of the need for capacity
7 additions and/or purchased power to determine the consistency of such plans with
8 least cost planning principles. I have also testified about the prudence of the actions
9 undertaken by utilities to meet the needs of their customers in the wholesale power
10 markets and have recommended disallowances of costs where such actions were
11 deemed imprudent.

12 I have testified before the Federal Energy Regulatory Commission ("FERC"),
13 various courts and legislatures, and the state regulatory commissions of Alabama,
14 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,
15 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri,
16 Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania,
17 Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia,
18 Wisconsin and Wyoming.

19 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and
20 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,
21 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It
22 includes most of the former DBA principals and staff. Our staff includes consultants
23 with backgrounds in accounting, engineering, economics, mathematics, computer
24 science and business.

1 Brubaker & Associates, Inc. and its predecessor firm has participated in over
2 700 major utility rate and other cases and statewide generic investigations before
3 utility regulatory commissions in 40 states, involving electric, gas, water, and steam
4 rates and other issues. Cases in which the firm has been involved have included
5 more than 80 of the 100 largest electric utilities and over 30 gas distribution
6 companies and pipelines.

7 An increasing portion of the firm's activities is concentrated in the areas of
8 competitive procurement. While the firm has always assisted its clients in negotiating
9 contracts for utility services in the regulated environment, increasingly there are
10 opportunities for certain customers to acquire power on a competitive basis from a
11 supplier other than its traditional electric utility. The firm assists clients in identifying
12 and evaluating purchased power options, conducts RFPs and negotiates with
13 suppliers for the acquisition and delivery of supplies. We have prepared option
14 studies and/or conducted RFPs for competitive acquisition of power supply for
15 industrial and other end-use customers throughout the United States and in Canada,
16 involving total needs in excess of 3,000 megawatts. The firm is also an associate
17 member of the Electric Reliability Council of Texas and a licensed electricity
18 aggregator in the State of Texas.

19 In addition to our main office in St. Louis, the firm has branch offices in
20 Phoenix, Arizona and Corpus Christi, Texas.

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