

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-_____
Date Testimony Prepared: December 1, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2021-_____

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
December 2020**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2021-_____

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 October 2020, as well as forecasted performance through
 5 December 2021 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 a decrease to a residential customer’s
 10 rate from \$0.00640 to \$0.00600 per kWh or a decrease of \$0.40 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-2020-0388 (\$/kWh)	Total Proposed DSIM (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00640	\$0.00600	(\$0.00040)	(\$0.40)
Non-Res Service – SGS	\$0.00525	\$0.00457	(\$0.00068)	(\$0.68)
Non-Res Service - MGS	\$0.00370	\$0.00535	\$0.00165	\$1.65
Non-Res Service – LGS	\$0.00309	\$0.00382	\$0.00073	\$0.73
Non-Res Service – LPS	\$0.00282	\$0.00282	\$0.00000	\$0.00

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 2019 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item G
12 above, was filed on March 30, 2020 in Case No. EO-2020-0307 and the 2020 Demand-
13 Side Program Annual Report for MEEIA Cycle 2, referenced in Item G above, was filed
14 on June 29, 2020 in Case No. EO-2020-0418.

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 commission approved
8 business program projects completed by June 30, 2020 counted under the MEEIA Cycle
9 2 Plan; 2) Reconciliations, with interest, to true-up differences between revenues billed
10 under the DSIM rider and total actual monthly amounts for PC, TD, EO and any
11 remaining true-ups or unrecovered amounts for Cycle 2; and 3) any Ordered
12 Adjustments.

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

15 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of
16 projected PC and TD for MEEIA Cycle 3 programs for the 12-months ending December
17 31, 2021 as well as the reconciliation of actual and expected PC and TD for Cycle 3
18 through October 2020. The MEEIA Cycle 3 costs included in this filing are current
19 forecasted levels of program participation and related costs.

20 Also included for recovery in the calculation of the DSIM rate are MEEIA Cycle 2 TD
21 and EO for the 12-months ending December 31, 2021. Also included is the projected TD
22 associated with Cycle 2 for November 2020 through December 2021 as well as the

1 reconciliation of actual and expected Program Costs, TD and EO for Cycle 2 through
2 October 2020.

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

4 A: Consistent with the current DSIM rates effective August 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, and for the
7 Cycle 2 extension year April 2019 through December 2019, including EO TD
8 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 49M and
9 49P. The MEEIA Cycle 2 tariff provides for the recovery of the EO over 24 months.
10 The Company took the total adjusted EO and divided that amount by the four semi-
11 annual rate update periods and has included an EO amount for the current Effective
12 Period (“EP”), or six-months beginning January 2021, plus the succeeding EP as
13 described on tariff Sheet No. 49S. An EO amount totaling \$4,392,099 for Cycle 2 has
14 been included in the calculation of the DSIM rate in this filing. The sum of the PC, TD
15 and EO amounts are divided by the projected billed retail kWh sales, excluding opt-out
16 sales, by rate class for February 2021 through January 2022 to develop the proposed
17 DSIM rates.

18 **Q: If the rate schedule filed by Evergy Missouri Metro is approved, what safeguards**
19 **exist to ensure that the revenues the Company bills to its customers do not exceed**
20 **actual DSM Program Costs, TD incurred, as well as the earnings opportunity or**
21 **performance incentive?**

22 A: Evergy Missouri Metro’s DSIM Rider mechanism and the Commission’s rules provide
23 two mechanisms to ensure that amounts billed to customers do not exceed Evergy

1 Missouri Metro's actual, prudently incurred DSM Program Costs, TD and performance
2 incentive or EO. First, at the end of each recovery period, the Company is required to
3 true up amounts billed to customers through the DSIM Rider based upon Program Cost
4 and TD actually incurred during that six-month period. Per MEEIA rule 20 CSR 4240-
5 20.093(4), these adjustments will be supported by complete documentation and
6 workpapers that demonstrate the need for DSIM rate adjustment. All proposed
7 adjustments and supporting documentation is subject to review by MPSC Staff and all
8 MEEIA stakeholders. Second, per MEEIA rule 20 CSR 4240-20.093(11), Evergy
9 Missouri Metro's DSIM is subject to periodic prudence reviews by MPSC Staff to ensure
10 that only prudently incurred Program Costs and TD are billed to customers. These two
11 mechanisms serve as checks to ensure that the Company's customers pay only the
12 prudently incurred, actual Program Costs and TD resulting from implementation of
13 MEEIA DSM programs.

14 **Q: Has Evergy Missouri Metro made any adjustments to previously filed costs included**
15 **in the current DSIM rate?**

16 A: No.

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

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

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

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

6 In the third prudence review initiated by Staff on June 4, 2018 in Case No. EO-
7 2018-0363, the Company, Staff and the Office of the Public Counsel entered into a
8 Unanimous Stipulation and Agreement dated February 20, 2019 which was approved by
9 the Commission on March 6, 2019. As a result of this agreement, the Company included
10 the Ordered Adjustment which reduced proposed costs for recovery by \$8,500 plus
11 carrying costs of \$187 in the rider rate effective August 1, 2019, Case No. ER-2019-
12 0375.

13 Based on its examination and analysis of costs in the fourth prudence review,
14 Case No. EO-2020-0227, Staff believes the Company was imprudent in implementation
15 of the Residential Programmable Thermostat program and implementation of the
16 Demand Response Incentive program. Staff also believes the Company acted
17 imprudently by not calling more demand response events. The Company disputes each of
18 the Staff's findings and believes that it has operated the programs in a prudent manner,
19 consistent with the tariffs approved by the Commission. As of December 1, 2020, this
20 case is not yet resolved. The Commission has ordered that a status report shall be filed no
21 later than December 4, 2020.

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

3 A: The Company requests the Commission approve the rate schedule to become effective
4 February 1, 2021.

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

6 A: Yes, it does.