

KCP&L-246

Exhibit No.:
Issues: Low-Income Weatherization
Witness: Henry E. Warren
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

HENRY E. WARREN

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. ER-2010-0355

*Jefferson City, Missouri
January 2011*

Staff Exhibit No. KCP&L-246
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11 | Q. Please state your name and business address.

12 | A. My name is Henry E. Warren and my business address is Missouri Public
13 | Service Commission , P. O. Box 360, Jefferson City, Missouri, 65102.

14 | Q. Are you the same Henry E. Warren who contributed to Missouri Public Service
15 | Commission Staff's (Staff) Cost of Service Report (Staff Report) filed in this case on
16 | November 10, 2010?

17 | A. I am.

18 | Q. What is the purpose of your surrebuttal testimony?

19 | A. I provide Staff's responses to Kansas City Power & Light Company (KCPL or
20 | the Company) witness Tim M. Rush criticisms and suggestions made in response to Staff's
21 | proposals on the continuation of the funding of KCPL's Low-Income Weatherization Program
22 | in his rebuttal testimony filed on December 8, 2010.

23 | Q. What did Mr. Rush say in his rebuttal testimony regarding continuation of the
24 | funding of the Low-Income Weatherization Program?

25 | A. Beginning on page 2, line 11 of his rebuttal testimony, Mr. Rush presents
26 | KCPL's disagreement with Staff's proposal that KCPL continue to fund the Low-Income
27 | Weatherization Program at the current level by stating,

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1 No. I do not think that this is the proper forum for a decision to
2 continue the current funding for low income weatherization. I think it
3 should be first vetted with the Customer Program Advisory Group
4 (CPAG) which consists of various interested parties. Second, a
5 Commission determination of the recovery mechanism should be
6 determined before a decision is made.

7 Q. Do you agree with the above statements about the process of continuing low-
8 income weatherization funding?

9 A. No, I do not. The CPAG, which includes Staff, Office of Public Counsel,
10 Missouri Department of Natural Resources, the City of Kansas City, and Praxiar, Inc. has
11 tracked, discussed, and overseen the implementation and evaluation¹ of KCPL's Low-Income
12 Weatherization Program (Staff Direct Testimony, Staff Report, Appendix 4, KCPL Customer
13 Program Expenditures). However, as its name implies, the CPAG is an *advisory* group for
14 implementing and evaluating the demand-side programs included in KCPL's experimental
15 alternative regulatory plan the Commission approved in Case No. EO-2005-0329 (Regulatory
16 Plan). The CPAG cannot and should not decide the budget for the Regulatory Plan programs.
17 The actual decision regarding the funding of programs is KCPL's responsibility.

18 In addition, the Regulatory Plan only requires funding through December 2010. The
19 evaluation of KCPL's Low-Income Weatherization Program indicated that there were
20 significant reductions in kWh usage in homes receiving weatherization and that the program
21 should be continued with some recommended modifications. Therefore, it is Staff's position

¹ *Kansas City Power and Light Low Income Weatherization Program Evaluation*, Opinion Dynamics Corporation in Partnership with Summit Blue Consulting, July, 2008

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1 that KCPL's Low-Income Weatherization Program should be continued and this general rate
2 case is the proper forum for determining the ongoing funding of that program.

3 Q. Did Mr. Rush say anything else in his rebuttal testimony in response to Staff's
4 proposals on the continuation of the funding of KCPL's Low-Income Weatherization
5 Program?

6 A. Yes. As it has with other energy efficiency programs, KCPL is taking the
7 position that a decision regarding the funding of the low-income weatherization program
8 should be delayed until the Commission makes a decision regarding demand-side program
9 recovery mechanisms in a rulemaking. (Rush rebuttal page 3, lines 13 -14).

10 Q. Does Staff agree?

11 A. No, Staff does not agree with KCPL's position to "wait and see" before
12 providing more funding for the low-income weatherization program. Staff's position
13 regarding cost recovery and KPCL's reluctance to continue demand-side programs can be
14 found in the rebuttal and surrebuttal testimony of Staff witness John Rogers.

15 Q. Is Staff's recommendation that KCPL's Low-Income Weatherization Program
16 continue to be funded and those funds be put into an Environmental Improvement and Energy
17 Resources Authority (EI ERA) account until used inconsistent with its position regarding the
18 recovery of other demand-side program costs?

19 A. No, it is not. Union Electric Company d/b/a Ameren Missouri currently has
20 similar cost recovery mechanisms for its low-income weatherization program and it places the
21 funding for its low-income weatherization program in an EI ERA account.

22 Q. Did Mr. Rush have a response to your recommendation that the funding be
23 placed in an EI ERA account?

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1 A. It seems that Mr. Rush had two reasons why KCPL is opposed to the funding
2 being placed in an EI ERA account. The first can be found in page 2, lines 19 and 20 of his
3 rebuttal testimony where he states that the established process of distributing weatherization
4 payments monthly based upon actual weatherization services provided, has been seamless and
5 effective.

6 Q. Did Staff recommend that KCPL's Low-Income Weatherization Program
7 funds be placed in an EI ERA account because of problems with the distribution of payments?

8 A. Yes, to some extent. The table in Appendix 4 of the Staff Direct Testimony,
9 Staff Report indicates that KCPL anticipates distributing 96% of the budgeted funds for the
10 program. However, KCPL has not indicated what will happen to the undistributed funds. If
11 the funds budgeted were placed with EI ERA, the funds would be used for the program as
12 called for in the Regulatory Plan.

13 Q. What was Mr. Rush's other reason that KCPL was opposed to placing
14 weatherization funds in an EI ERA account?

15 A. On page 3, lines 10-19 of his rebuttal testimony Mr. Rush states:

16 Additionally, Staff is recommending that the Company modify its
17 direct reimbursement payment method to the weatherization agencies
18 from monthly to annual. This change would be harmful to the
19 Company's cash flow and places an undue burden on the Company.

20 Mr. Rush does not provide support for his statement that having KCPL put the
21 budgeted amount annually in an account at EI ERA "...would be harmful to the Company's
22 cash flow and places an undue burden on the Company." However, Staff would not oppose
23 KCPL dividing its payment of budgeted funds to EI ERA on a quarterly or monthly basis.
24 With Staff's proposal, the funds KCPL provides to EI ERA for weatherization would be

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1 | credited to the regulatory asset account established for energy efficiency and demand-side
2 | management programs.

3 | Q. What is Staff's conclusion and recommendation?

4 | A. Mr. Rush does not seem to be aware of the stated role of the CPAG as set forth
5 | in Case No. EO-2005-0329, or the fact that it has tracked and evaluated KCPL's Low-Income
6 | Weatherization Program. He did not substantiate his claim that providing budgeted funds to
7 | EIERA would be an "undue burden on the Company." This rate case is the proper forum to
8 | determine the future of KCPL's Low-Income Weatherization Program past the funding
9 | provided in the Regulatory Plan. On the basis of the positive evaluation of KCPL's Low-
10 | Income Weatherization Program, Staff proposes continued funding at the current level, with
11 | the funds being deposited annually with EIERA.

12 | Staff recommendation remains the same as it stated in its Direct Testimony, Staff
13 | Report on page 143 - 144 filed on November 10, 2010:

14 | Staff recommends that the unutilized low-income weatherization funds
15 | from the Regulatory Plan be placed in an account with EIERA. In
16 | addition, in order have some additional KCPL funds for weatherization
17 | when the ARRA funds are no longer available, Staff recommends that
18 | KCPL continue to provide annual funding of \$573,888 for low-income
19 | weatherization, as currently allocated between KCHCDD, MVCAA,
20 | and CMCA. Staff also recommends that KCPL change its distribution
21 | method for the weatherization funds from monthly direct
22 | reimbursement to the Weatherization Agencies to an annual deposit of
23 | the funds to an EIERA account.

24 | Q. Does this conclude your surrebuttal testimony?

25 | A. Yes, it does.