

FILED³
NOV 13 2006
Missouri Public
Service Commission

Exhibit No.:
Issue: Weatherization
Customer Programs
Witness: Susan K. Nathan
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2006-0314
Date Testimony Prepared: October 6, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2006-0314

SURREBUTTAL TESTIMONY

OF

SUSAN K. NATHAN

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
October 2006**

KCP&L Exhibit No. 412
Case No(s) ER-2006-0314
Date 10-16-06 Rptr KE

SURREBUTTAL TESTIMONY

OF

SUSAN K. NATHAN

Case No. ER-2006-0314

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

2 A. My name is Susan K. Nathan. My business address is 1201 Walnut Street, Kansas City,
3 Missouri 64106-2124.

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

5 A. I am employed by Kansas City Power & Light Company ("KCPL") as Manager,
6 Marketing and Product Management.

7 **Q. What is the purpose of your surrebuttal testimony?**

8 A. My surrebuttal testimony will address issues raised at the Public Hearing by
9 Mr. Bill Dias, and the rebuttal testimony of Mr. Robert T. Jackson of the City of Kansas
10 City.

11 **Q. Are you familiar with the testimony provided by Mr. Bill Dias at the Public Hearing**
12 **held on August 24, 2006, in Kansas City, MO?**

13 A. Yes, I attended the hearing and I have read the transcript.

14 **Q. Can you respond to the concerns expressed by Mr. Dias?**

15 A. I will attempt to respond to his concerns and issues addressed in his public testimony. I
16 say that I will attempt, because I am not sure I understand his concerns and issues from
17 the testimony presented.

18 **Q. Can you address those issues and concerns expressed by Mr. Dias in his testimony**
19 **as you understand them?**

1 A. Yes. From my understanding, one of Mr. Dias' issues is where he states in his testimony
2 that KCPL does "not have the plan that was put in effect to do energy conservation and
3 weatherization."

4 **Q. Do you agree with his statement?**

5 A. Presuming Mr. Dias is referring to the programs envisioned in Case No. EO-2005-0329,
6 no, I do not. KCPL proposed a portfolio of affordability, energy efficiency and demand
7 response programs in MPSC Case No. EO-2005-0329. These proposed programs are
8 found in Appendix C to the Stipulation and Agreement which includes details of the
9 programs included in the proposed portfolio. KCPL has received approval from the
10 Commission to implement nine of these programs. These programs have been
11 implemented. The programs are:

<u>Program</u>	<u>Market</u>	<u>Implemented</u>
L/I Weatherization	L/I Residential	January 2006
Home Energy Analyzer	All Residential	December 2005
Change a Light	All Residential	October 2005
Change a Light	All Residential	October 2006
Business Energy Analyzer	Small/Med Commercial	December 2006
C&I Audit Rebate	All Comm/Industrial	July 2006
C&I Custom Rebate-Retrofit	All Comm/Industrial	July 2006
C&I Custom Rebate-New Con	All Comm/Industrial	July 2006
Energy Optimizer	All Res/Sm Comm	October 2005
MPower	Large Comm/Industrial	March 2006

23 **Q. Are there other issues or concerns that Mr. Dias addressed?**

24 A. Yes. Mr. Dias indicates that he is concerned that the KCPL "test models only use an
25 area in Grandview and an area in Johnson County to put together their data that's going
26 to be submitted to the Public Service Commission. They're leaving out data on homes
27 that are 50 years old and older."

1 **Q. Would you respond to his statements?**

2 A. Yes. I am unaware of any test model that is only using an area in Grandview and an area
3 in Johnson County for data. I am also unaware of any program or test models that leaves
4 out homes 50 years or older. When developing one of the programs that offers a
5 programmable thermostat for residential and small commercial customers, referred to as
6 the Energy Optimizer program, KCPL identified an area where five distribution circuits
7 were nearing their capacity limits. This area was identified as a good target for a direct
8 mail, focused marketing campaign to help reduce the load on those circuits. These
9 circuits were in six zip codes – 3 in Kansas and 3 in Missouri. While residential
10 customers in these six zip codes received direct mail soliciting participation, all
11 residential and small commercial customers were made aware of the availability of the
12 program through mass media channels. We do not have any affordability, energy
13 efficiency or demand response programs that preclude homes 50 years or older from
14 participation. We also do not have any test models for affordability, energy efficiency or
15 demand response that preclude data from homes 50 years or older.

16 **Q. Are there any other issues or concerns addressed by Mr. Dias?**

17 A. Yes. Mr. Dias expresses that he is concerned that we are restricting participation to low-
18 income customers and there are no programs for the middle-income customer.

19 **Q. How do you respond to that?**

20 A. KCPL has a variety of programs that have been implemented that target all customers.
21 Each program is designed to best assist that target market. In addition to the programs
22 that have been implemented (listed above), we have a number of programs that we plan
23 to roll out over the next 15 months. They include:

<u>Program</u>	<u>Market</u>
Affordable New Homes	Low Income Res New Const
Home Performance w/Energy Star	All Residential Retrofit
Cool Homes	All Residential Retrofit
Energy Star Homes	All Residential New Const
PAYS-type program	All Residential
Building Operator Certification	All Comm/Industrial

Based on the above, we believe that we have a selection of programs for all customer classes. And, it is important to note, that customers will have multiple options of programs in which to participate.

Q. Are there other items that Mr. Dias addressed that you would like to respond to?

A. Yes. Mr. Dias states in his testimony that he believes there is no parity in our rates and states as an example that the City of Kansas City, Missouri, pays nothing for their lights while the residents of Kansas City pay a substantial amount.

Q. Is this correct?

A. No. It is not. The City of Kansas City, Missouri pays for all the electricity that it uses under the same tariffs that are available to any other customer that may qualify for those tariffs.

Q. Do you have any other items that you wish to address concerning what Mr. Dias said in his testimony?

A. Yes. Mr. Dias expressed that he would like for KCPL to use the relationship that he has with his community.

Q. How do you respond?

A. While the Company appreciates his willingness to help, KCPL has met with the Baptist Ministers Union and is working on ways that we can partner with this organization as one of our channels to reach our customers. We intend to continue to do so. There are other organizations that we also hope to partner with to reach their constituents who are our

1 customers. We believe that collaboration and community partnerships will strengthen the
2 success of our programs.

3 **Q. Did Mr. Dias express other concerns in his remarks?**

4 A. Mr. Dias has submitted several filings with the Commission which included a number of
5 things that he either wants KCPL to do or actions he wishes to see taken. He also filed
6 several documents with his testimony, but he did not address them in his testimony.

7 **Q. What were the documents filed with his testimony?**

8 A. The first, marked Exhibit 1, contained a number of pages, and was described by Mr. Dias
9 as a "Powerpoint presentation that basically sets out my rights to intervene in this case."

10 **Q. How would you characterize Exhibit 1?**

11 A. The first page of Exhibit 1 does appear to be a list of what Mr. Dias considers his rights
12 to be regarding intervention in this case. The second page, however, appears to be a
-13 listing of issues he has with KCPL.

14 **Q. Please explain.**

15 A. The first bullet refers to Mr. Dias' previously discussed statement regarding a test model
16 for Johnson County and one in Grandview. The second bullet states, "In the hearings
17 mandated by the Commission, KCPL did conspire, scheme, connive, plot and made a
18 conscience discussion that this information should be kept from the public; obviously
19 concerned that press and public scrutiny might end up producing an adverse public
20 reaction that could destroy the project (See Direct Testimony of Gary C. Price on behalf
21 of DOE)".

22 **Q. Can you address this statement?**

1 A. I have no way to know what hearings Mr. Dias is referring to, but to the best of my
2 knowledge, hearings mandated by the Commission are always open to the public. In that
3 light, it is hard to understand how Mr. Dias came to the conclusion that KCPL kept
4 information from the public.

5 **Q. Does Mr. Dias seem to have further concerns as to the public awareness of this rate**
6 **case?**

7 A. Apparently. Mr. Dias goes on to state in Exhibit 1, "KCPL specifically proposed a 'Low-
8 Profile Strategy' designed to keep the details of the rate increase out of the public view".

9 **Q. Do you know the source of Mr. Dias' concern?**

10 A. No, I do not. KCPL's rate filing is a matter of public record, information about this case
11 has been distributed to customers through bill inserts, it has been on various radio,
12 television and newspaper articles and is accessible to anyone with internet access.

13 **Q. Are there other issues related to Exhibit 1 that you believe should be addressed?**

14 A. Yes. Mr. Dias appears to have quoted portions of the Direct Testimony of Department of
15 Energy ("DOE") witness Gary Price. The quotes are taken out of context, and Mr. Dias
16 has inserted comments of his own. He also goes on to further expound on an alleged
17 "Cover-up" KCPL is undertaking. He also included DOE's proposal to adjust relative
18 rates of returns.

19 **Q. What conclusions can you draw from this?**

20 A. I don't know. It may be that he is advocating DOE's position as to revenue shifts
21 between classes. However, he does not actually make that statement, and offers no
22 evidence in support of any statement.

23 **Q. Does Mr. Dias have a position regarding the rate increase proposed by KCPL?**

1 A. It is difficult to tell. In Mr. Dias' verbal testimony given at the public hearing, he states
2 "I do not oppose their rate increase." In Exhibit 1, on the final page, there is a statement,
3 "The (Commission) should not grant the proposed rate increase as requested." I cannot
4 draw any conclusion as to his position given these contradictory statements.

5 **Q. What other Exhibits did Mr. Dias provide?**

6 A. He provided three additional exhibits. Exhibit 2 is a Memorandum of Understanding
7 between Mr. Dias and KCPL, dated February 12, 2001 regarding a bill creation,
8 presentment and settlement services pilot program.

9 **Q. Does this memorandum of understanding have any bearing on this case as far as**
10 **you know?**

11 A. None.

12 **Q. What is Exhibit 3?**

-13 A. Another Memorandum of Understanding that Mr. Dias stated "we were working on with
14 Kansas City Power & Light that deals with energy conservation and weatherization
15 program....."

16 **Q. Did KCPL sign this agreement?**

17 A. No.

18 **Q. Does this memorandum of understanding have any bearing on this case as far as**
19 **you know?**

20 A. None.

21 **Q. And what of Exhibit 4?**

22 A. Exhibit 4 was filed as "Highly Confidential." According to Mr. Dias this exhibit is
23 related to "some marketing items that tells what individuals get with our card..."

1 Q. In your opinion, does this exhibit have any bearing on this case?

2 A. In my opinion, no.

3 Q. Are you familiar with the rebuttal testimony of Mr. Robert T. Jackson of the City of
4 Kansas City?

5 A. Yes, I am.

6 Q. Please address the issues Mr. Jackson has stated in his testimony.

7 A. Overall, Mr. Jackson is pleased with the progress KCPL has made in implementing the
8 affordability, energy efficiency and demand response programs approved in the
9 Stipulation and Agreement. Mr. Jackson is on the Customer Program Advisory Group
10 ("CPAG") and has been a highly contributory member. Mr. Jackson would like to have
11 some minor adjustments made that he believes will enhance the process. Those
12 adjustments are as follows:

13 1. Mr. Jackson would like KCPL call center representatives to refer applicants to the
14 Low Income Weatherization Program. After Mr. Jackson submitted his rebuttal
15 testimony, this issue was discussed during the CPAG meeting held on September 20,
16 2006. At that time, we discussed the various ways KCPL could refer customers to
17 this program without (1) delving into their personal financial situation
18 inappropriately, (2) taking the chance of offending them, and (3) protecting
19 information we may have on their payment history so as to not compromise
20 confidentiality. It was decided that KCPL would develop a list of those who received
21 3rd party assistance in paying their bills and who met the usage and customer
22 eligibility guidelines. KCPL would then send a letter to these customers informing
23 them of the availability of the program in the event they or someone they knew might

1 be interested. This solution was acceptable to all CPAG members and will be
2 implemented.

- 3 2. Mr. Jackson speaks to the process followed by LIHEAP in mailing out applications to
4 previous applicants, thereby limiting the potential for new applicants to get
5 assistance. Mr. Jackson believes this situation could be somewhat alleviated if
6 LIHEAP recipients were referred to Low Income Weatherization. LIHEAP is
7 administered through the Department of Social Services. Therefore, they would be
8 responsible for any changes in the current referral procedures. KCPL would be
9 supportive of having the Department of Social Services and other providers modify
10 its rules to improve referrals to weatherization. This, however, would be a state-wide
11 issue and is outside the purview of this rate case.

12 **Q. Does this conclude your testimony?**

13 **A.** Yes, it does.

In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariffs to) Case No. ER-2006-0314
Begin the Implementation of Its Regulatory Plan)

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Susan K. Nathan
Susan K. Nathan

Nicola A. Wenz
Notary Public

NICOLE A. WEHRY
Notary Public - Notary Seal
STATE OF MISSOURI
Jackson County
My Commission Expires: Feb. 4, 2007