

Exhibit No.:
Issue: PACE and PAYS Programs
Witness: Brian A. File
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2016-0285
Date Testimony Prepared: December 30, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

REBUTTAL TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
December 2016**

REBUTTAL TESTIMONY

OF

BRIAN A. FILE

Case No. ER-2016-0285

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

2 A: My name is Brian A. File. 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 Kansas City Power & Light Company (“KCP&L” or the “Company”)
6 as Senior Manager, Products & Services.

7 **Q: What are your responsibilities?**

8 A: At KCP&L, my primary responsibility is to lead the implementation of our demand side
9 management products, including specifically the commission approved MEEIA
10 programs.

11 **Q: Please describe your education, experience and employment history.**

12 A: I earned a Bachelor of Science in Chemical Engineering from the University of Kansas.
13 From 2001 to 2007, I worked in the petrochemical industry with Chevron Phillips
14 Chemical Company in marketing and technical field sales roles. I joined KCP&L in
15 2007 as a Product Manager in the Energy Solutions group. Since then I have held
16 increasing roles of responsibility at KCP&L including as an Energy Consultant working
17 with the Company’s largest healthcare and industrial customers and then manager of that
18 group. Leading the Company’s Economic Development efforts from 2011 to 2013 was
19 my role as the group continued to highlight benefits of the region to new and existing job

1 creating companies. My current position is Sr. Manager, Products & Services which I
2 have held since August 2013.

3 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
4 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**
5 **agency?**

6 A: Yes.

7 **Q: What is the purpose of your Rebuttal Testimony?**

8 A: The purpose of my testimony is to provide KCP&L’s response and context to two of the
9 Commission’s order directing consideration of certain questions focused on Property
10 Assessed Clean Energy (“PACE”) financing programs and “Pay as you Save” (“PAYS”)
11 programs.

12 **Q: What is KCP&L’s interaction with PACE financing and how does it impact the**
13 **existing demand side management programs KCP&L offers?**

14 A: KCP&L has been involved with the purveyors of PACE financing in its service territory
15 over the last 3-4 years for commercial properties and within the last year for residential
16 properties. While the commercial PACE loans have been available for a few years, to
17 our knowledge, there have only been a couple of companies that jointly pursued a rebate
18 from the Company’s energy efficiency programs and PACE financing for their project.
19 One of these projects included a condominium renovation in the Country Club Plaza area
20 of Kansas City. The offering of PACE financing programs in KCP&L’s Missouri service
21 area should provide synergistic benefits to a customer who combines the financing with
22 KCP&L’s energy efficiency programs. As the awareness increases, there should be an
23 incremental lift to KCP&L’s program participation because of PACE financing.

1 **Q: How does KCP&L promote PACE financing to its customers?**

2 A: Currently our website, KCPL.com, presents how PACE financing can be a solution to
3 overcoming first cost barriers to commercial energy efficiency projects. Most recently,
4 the Company partnered with an agency, Renovate America - who offers residential
5 PACE financing, to educate and inform our Trade Ally (heating, ventilation, and air
6 conditioning (“HVAC”) and insulation professionals) partners of the options available to
7 offer PACE financing to residential customers for qualified projects. KCP&L has also
8 invited commercial PACE lenders to various customer and Trade Ally events (including
9 Strategic Energy Management cohorts, Trade Ally Forums and other customer education
10 series) promoting KCP&L programs and presenting PACE financing as an option for
11 overcoming barriers.

12 **Q: What is KCP&L’s interaction with the PAYS program and how does it or could it
13 impact the existing demand side management programs KCP&L offers?**

14 A: While KCP&L has been following the recent interaction of the PAYS program at the
15 various Commission agendas and meetings as well as other utilities in the state, the
16 Company has additional background with the program. In 2009, when the model was
17 introduced in the state of Kansas, KCP&L explored offering it to customers in that part of
18 our service territory, but a tariff was ultimately never filed or approved. More recently,
19 KCP&L provided some research into the topic of on-bill financing in general (of which
20 PAYS was explored) and filed that research as “KCPL-GMO Collaborative Report Filing
21 10-12-16.pdf” in the MEEIA case EO-2015-0241 and EO-2015-0242. The gist of that
22 research stated that a handful of utilities have adopted and achieved savings with the
23 PAYS program. The report also presented some additional facets of the program that

1 KCP&L would need to consider in order to implement the finance portion including, but
2 not limited to, estimating the total amount of expected participation to determine the
3 amount of loan funds needed, offering a Request for Proposal (“RFP”) to receive offers
4 from implementers, banks and other financing institutions, create a revolving fund to pool
5 utility and other funds together and possibly a loan loss reserve fund to cover the small
6 percentage of expected defaults.

7 **Q: Are there other options available to residential and commercial customers who**
8 **might need to finance all or part of their energy efficiency project?**

9 A: Yes, in addition to PACE funding mentioned above, a few additional options for
10 commercial customers that we have seen in the marketplace include:

- 11 • Energy Service Company (“ESCO”) financing
- 12 • Manufacturer direct financing for various energy efficient appliances
- 13 • Local distributors and contractors loans through private outside lenders
- 14 • Energy Loan Program (sponsored by the DOE) – Available to public schools,
15 colleges, city/county government buildings, public water and wastewater treatment
16 facilities and public/private non-profit hospitals; 2016 FY interest rate set at 2.75%.
- 17

18 In addition, homeowners have the ability to finance through home equity lines of credit,
19 local contractors through private lenders, specialized mortgage lenders focused on home
20 upgrades, and standard credit card financing.

21 **Q: Overall, what is KCP&L’s stance on being involved in customer financing of energy**
22 **related projects?**

23 A: Properly developed financing vehicles should have a positive impact on the participation
24 of energy efficiency programs as well as increasing the overall customer value.
25 However, the ultimate benefits may not outweigh the costs and risks associated with
26 setting up utility on-bill financing programs, especially when there are additional options

1 for funding that are available to all customers. For example, utility financing research
2 from the American Council for an Energy-Efficient Economy (“ACEEE”) found that
3 “homeowner financing programs historically draw low participation rates and tend to
4 attract educated and higher income-level homeowners who are the least in need of
5 financing opportunities. Financing for those who are most in need, people with low or
6 fixed incomes and poor credit, has had low success”¹.

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

8 A: Yes, it does.

¹ <http://aceee.org/topics/energy-efficiency-financing>

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement)
A General Rate Increase for Electric Service) Case No. ER-2016-0285

AFFIDAVIT OF BRIAN A. FILE

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Brian A. File, being first duly sworn on his oath, states:

1. My name is Brian A. File. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Senior Manager, Products and Services.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of Five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Brian A. File

Brian A. File

Subscribed and sworn before me this 30th day of December, 2016.

Nicole A. Wehry

Notary Public

My commission expires: Feb. 4, 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200