

Exhibit No.:
Issues: Low-Income Weatherization
Income Related Considerations
Witness: Sharlet E. Kroll
Sponsoring Party: Missouri Department of
Economic Development –
Division of Energy
Type of Exhibit: Rebuttal Testimony
Case Nos.: ER-2018-0145
ER-2018-0146

MISSOURI PUBLIC SERVICE COMMISSION

KANSAS CITY POWER & LIGHT COMPANY
KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NOS. ER-2018-0145 and ER-2018-0146

REBUTTAL TESTIMONY
OF
SHARLET E. KROLL
ON
BEHALF OF
MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF ENERGY

Jefferson City, Missouri
July 27, 2018

Mo. Div. Energy File No. 459
Date 10/3/18 File No. ER-2018-0145
ER-2018-0146

Exhibit # 459

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

In The Matter of Kansas City Power & Light)
 Company's Request for Authority to) Case No. ER-2018-0145
 Implement a General Rate Increase For)
 Electric Service)

In The Matter of KCP&L Greater Missouri)
 Operations Company's Request for Authority) Case No. ER-2018-0146
 To Implement a General Rate Increase For)
 Electric Service)

AFFIDAVIT OF SHARLET E. KROLL

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

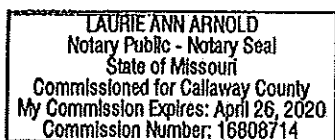
Sharlet E. Kroll, of lawful age, being duly sworn on her oath, deposes and states:

1. My name is Sharlet E. Kroll. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development, Division of Energy as an Energy Specialist IV.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony (Revenue Requirement) on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.

Sharlet E. Kroll

 Sharlet E. Kroll

Subscribed and sworn to before me this 26th day of July, 2018.



Laurie Ann Arnold

 Notary Public

My commission expires: 4/26/20

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1 **I. INTRODUCTION**

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

3 A. My name is Sharlet E. Kroll. My business address is 301 West High Street, Suite
4 720, PO Box 1766, Jefferson City, Missouri 65102.

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

6 A. I am employed by the Missouri Department of Economic Development ("DED") –
7 Division of Energy ("DE") as an Energy Specialist IV.

8 **Q. Are you the same Sharlet E. Kroll that filed direct testimony in this case on**
9 **June 19, 2018?**

10 A. Yes, I am.

11 **II. PURPOSE AND TESTIMONY RECOMMENDATIONS**

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. The purpose of my rebuttal testimony is to respond to Direct Testimony of Public
14 Service Commission Staff ("Staff") witnesses Kory Boustead, Michael Jason
15 Taylor, and Contessa King, and Renew Missouri witness, Philip Fracica.

16 **Q. What were DE's recommendations in direct testimony?**

17 A. DE did not comment on Kansas City Power & Light ("KCP&L") or KCP&L Greater
18 Missouri Operations ("GMO") Economic Relief Pilot Programs ("ERPP"). DE did
19 have recommendations regarding the Companies' income-eligible weatherization
20 ("IEW") programs.

21 **Q. What were DE's IEW recommendations?**

22 A. DE requested the Commission: (1) continue the IEW programs at a budget level
23 of \$573,888 for KCP&L and budget level of \$500,000 for GMO, with any unspent

1 annual funds rolling forward into future program years; (2) convene a joint advisory
2 group of interested stakeholders which would meet biannually to consider
3 weatherization policy and program improvements for both companies and be a
4 resource to address barriers to fully utilize IEW funds; and, (3) order the new
5 advisory group to consider the policy of voluntary customer contributions to IEW
6 through a check off box on customer bills and the on-line payment system.

7 **Q. What was Staff's recommendation regarding the Companies' ERPPs?**

8 A. Ms. King recommended continuing the ERPP with KCP&L's funding at \$1,260,000
9 annually and GMO's funding level at \$788,019¹ annually. Ms. King also
10 recommended a third party evaluation of ERPP.

11 **Q. What was Staff's recommendation regarding the companies' income eligible
12 weatherization programs ("IEW")?**

13 A. Ms. Boustead recommended a budget of \$573,888 for KCP&L's IEW program.²
14 Ms. Boustead recommended GMO's IEW funding be \$400,000. Mr. Taylor
15 testified³ that KCP&L had \$1,075,612 of unspent weatherization funds as of
16 December 31, 2017 while GMO had \$80,430.

17 **Q. What was Renew Missouri's recommendations?**

18 A. Mr. Fracica filed Direct Testimony on behalf of Renew Missouri recommending a
19 low income solar subscription program. Mr. Fracica testified⁴ that part of the cost
20 for low-income subscription could be offset using funds from the U.S. Department

¹ Missouri Public Service Commission Staff Report Cost of Service. Page 126, lines 20-22.

² Missouri Public Service Commission Staff Report Cost of Service. Page 129 lines 21-26.

³ Ibid. Page 130, Chart.

⁴ Direct Testimony of Philip Fracica. (June 19, 2018). Page 10.

1 of Energy ("DOE") Weatherization Assistance Program ("WAP") and/or funds from
2 the U.S. Department of Health and Human Services ("DHHS") Low Income Home
3 Energy Assistance Program ("LIHEAP"). KCP&L and GMO could partner with their
4 local service agencies to recruit low income households into the solar subscription
5 program. Mr. Fracica also testified that the Missouri DE administered WAP
6 received additional funds this year which could be reallocated for low-income solar.

7 **III. RESPONSE TO STAFF**

8 **Q. What is DE's response to Staff's recommendation for the Companies'**
9 **ERPPs?**

10 **A.** DE agrees with the funding level of \$1,260,000 annually for KCP&L. However, DE
11 recommends increasing the funding level for GMO to \$1,260,000 to better align
12 the GMO ERPP program with its sister company's program. GMO serves 282,861
13 residential customers in communities across 31 counties while KCP&L serves
14 254,755 residential customers in communities across 13 counties. GMO
15 customers pay, on average, \$1.39 in rates annually for ERPP (\$394,010/282,861)
16 while KCP&L customers pay \$2.47 (\$630,000/254,755). Both KCP&L and GMO
17 programs have seen an increase in the number of participants.⁵ DE supports the
18 need for a process and impact evaluation of the ERPPs. Ideally, an evaluation
19 would include ERPP's impact on such components as avoidance of bad debt,
20 account arrearages, disconnects, and costs associated with reconnections.

⁵ Ibid. Page 127 Lines 1-9.

1 **Q. What is DE's response to Staff's IEW recommendations?**

2 A. DE concurs with Ms. Boustead's recommendations regarding the \$400,000 in base
3 rates. However, DE respectfully requests the Commission continue to allow the
4 provision of an additional \$100,000 of IEW program expenses be recorded in a
5 deferral account for future recovery.⁶ This would bring the total annual budget to
6 \$500,000 as agreed to in the Stipulation and Agreement to Case No. ER-2016-
7 0156. Mr. Taylor testified that KCP&L had \$1,075,612 of unspent weatherization
8 funds as of December 31, 2017 while GMO had \$80,430. In my Direct Testimony,
9 I noted that KCP&L only issued \$459,110 in weatherization contracts to its social
10 service agencies for the 2018 weatherization program year (January 1-December
11 31).⁷ When KCP&L reduced their social service agencies' weatherization contract
12 budget levels, the Company guaranteed there would be further increases in the
13 amount of unspent weatherization funds at the end of 2018. The Community Action
14 Agencies ("CAAs") that administer KCP&L's and GMO's weatherization dollars will
15 not allow an increase in program funds unless there is an executed contract. The
16 CAA would need to request additional funds in a contract amendment in order to
17 expend more program dollars than what is budgeted by their contracts. Likewise,
18 GMO issued \$348,000 in contracts for program year 2017 and \$356,000 in
19 contracts for 2018. GMO's weatherization budget is to be funded at a minimum
20 level of \$400,000. If GMO does not increase its contracted amounts, funds from
21 rates cannot be fully expended, nor can the Company obtain the goal of tracking

⁶ In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase For Electric Service. Non-Unanimous Stipulation and Agreement. Page 5, Section 9.

⁷ Kroll Direct. Page 9, Line 14-17.

1 an additional \$100,000 in weatherization expenses for future recovery. As I
2 testified in my Direct Testimony, establishment of a KCP&L and GMO
3 weatherization advisory group would assist the companies with the goal of full
4 utilization of the IEW programs' budgets. After speaking with the Office of the
5 Public Council, DE is amenable to having our recommendation of an advisory
6 group incorporated into GMO's and KCP&L's annual meeting with the CAAs as
7 required per the Stipulation and Agreement in Case No. EM-2018-0012⁸ assuming
8 both Companies agree to annually provide DE with a condensed report on the
9 agencies' annual reports as specified on Page 2 of Exhibit A to the Stipulation and
10 Agreement.

11 **IV. RESPONSE TO RENEW MISSOURI**

12 **Q. Can WAP funds be utilized for low-income solar projects?**

13 **A.** Yes, solar photovoltaics ("PV") is an eligible WAP measure under the Energy
14 Policy Act of 2005⁹ for eligible dwelling units. Missouri's PY2018/FY2019 WAP
15 State Plan includes the following language on page 6:

16 Additionally, Missouri is considering the implementation of a pilot solar
17 project. If Missouri determines to initiate a pilot solar project, DOE will be
18 contacted for proper procedures at that time.¹⁰

⁸ Missouri Public Service Commission Case No. EM-2018-0012. *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.*

⁹ Cook, J., & Shah, M.. (March 2018). *Reducing Energy Burden with Solar: Colorado's Strategy and Roadmap for States*. National Renewable Energy Laboratory. NREL/TP-6A20-70965.
<https://www.nrel.gov/docs/fy18osti/70965.pdf>

¹⁰ Missouri Department of Economic Development – Division of Energy. (May 2018 submission). *US. Department of Energy Weatherization Assistance Program (WAP) State Plan/Master File Worksheet*. Section V.5.1. Technical Guides and Materials, Page 6.

1 **Q. Does DE have an interest in low-income solar projects?**

2 A. Yes. DE looks forward to engaging with interested stakeholders and working
3 through a collaborative process to discuss opportunities to provide solar access to
4 low income households. Both WAP and LIHEAP funding are allowed to be
5 leveraged with other funding sources to provide PV solar to eligible dwelling units.
6 However, both WAP and LIHEAP have federal approval processes states must
7 first navigate before launching a pilot project.

8 **Q. What is the DOE process to allow WAP funding for solar projects?**

9 A. DE must include language regarding a pilot solar program in the Missouri's WAP
10 State Plan submission for DOE approval. Missouri has completed this step.
11 Secondly, DE must demonstrate that low-income eligible solar is a cost-effective
12 measure with a savings to investment ratio ("SIR") of greater than 1.0. Third, the
13 National Environmental Policy Act ("NEPA") of 1969 requires an environmental
14 assessment of the State's proposed solar pilot project. DOE conducts this
15 assessment. Fourth, low-income eligible solar projects must include leveraged
16 funds as there is a cap on the amount of DOE funds allowed towards solar per
17 eligible dwelling unit. Fifth, only approved materials as outlined in 10 C.F.R. §
18 440.21¹¹ may be used for renewable systems connected to a dwelling.

¹¹ United States Government Printing Office. (2018). Code of Federal Regulations: Department of Energy.
<https://www.gpo.gov/fdsys/pkg/CFR-2011-title10-vol3/pdf/CFR-2011-title10-vol3-part440.pdf>

1 **Q. Are you aware of any other state that uses WAP and LIHEAP funds for solar**
2 **projects?**

3 A. Yes, I spoke with Mr. Joseph Pereira, Director of the Colorado Energy Office
4 ("CEO"), on July 24, 2018 regarding their use of WAP and LIHEAP funds in solar
5 projects. CEO utilizes WAP, LIHEAP, and utility funds to provide roof-top solar to
6 eligible dwelling units. CEO partners with utilities and other stakeholders to
7 leverage Renewable Energy Standard Adjustment ("RESA") funds for low income
8 community solar projects. Community solar gardens are funded through utility
9 and RESA. Under RESA, utilities are required to collect a monthly 2 percent
10 electricity bill adder. Because low income rate payers paid 20-25 percent of
11 RESA collected funds but received no direct benefit to solar access, a settlement
12 was reached whereby utilities are establishing community solar gardens with 100
13 percent of subscribership being allocated to low income customers. The utilities
14 entered into a data sharing agreement with their local social service agencies to
15 access LIHEAP and WAP client information for recruitment into the community
16 solar gardens.

17 **Q. Can the additional DOE WAP funds be utilized to fund a pilot solar project?**

18 A. No. The WAP program year ("PY") 2018/Fiscal Year ("FY") 2019 began July 1,
19 2018. The increase in WAP funds were contractually allocated to DE's 17
20 community action agencies and one non-profit ("subgrantees") per a
21 standardized formula which was approved by the Missouri Weatherization Policy

1 Advisory Council ("MWPAC") prior to Mr. Fracica's July 1, 2018 selection to the
2 MWPAC.

3 **Q. Can IEW program funds be allocated to a low income pilot solar project?**

4 **A. As I stated in Direct Testimony, KCP&L and GMO could provide weatherization**
5 energy efficiency ("EE") measures not allowed under DOE WAP guidelines.

6 These could include EE measures considered as unduly enhancing rental
7 property (furnaces, water heaters, refrigerators, and air-conditioning), returning to
8 properties weatherized from 1994-2004 to assess for additional cost-effective
9 measures, EE measures with a SIR of lower than 1.0, and PV solar.

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

11 **A. Yes.**