

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Lisa A. Starkebaum
Type of Exhibit: Direct Testimony
Sponsoring Party: Evergy Missouri West
Case No.: ER-2023-0184
Date Testimony Prepared: December 2, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2023-0184

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

ON BEHALF OF

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

**Kansas City, Missouri
December 2022**

DIRECT TESTIMONY

OF

LISA A. STARKEBAUM

Case No. ER-2023-0184

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 Metro, Inc. 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 West 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 2022, as well as forecasted performance through
5 December 2023 for Cycle 3 Program Costs (“PC”) and Cycle 2 and Cycle 3 Throughput
6 Disincentive (“TD”). The budget caps and floors for the 2023 projected PC amounts as
7 agreed to in the MEEIA Cycle 3 extension Non-Unanimous Stipulation and Agreement,
8 Case No. EO-2019-0132 are included in this rider update. In addition, Earnings
9 Opportunity (“EO”) for Cycle 2 for the three program years beginning April 2016
10 through March 2019, the EO for the Cycle 2 extension program year April 2019 through
11 December 2019 and the EO for Cycle 3 2020 program year is included in this rider
12 update. The proposed change in rates will result in a decrease to a residential customer’s
13 rate from \$0.00399 to \$0.00293 per kWh, or a decrease of \$1.06 for every 1,000 kWh
14 used. Please see the table below for a comparison by rate schedule of proposed DSIM
15 rates to currently effective rates and the impact to a customer using 1,000 kWh.

Rate Schedule	Total Proposed DSIM (\$/kWh)	Total Current DSIM ER-2022-0335 (\$/kWh)	Change Increase/ (Decrease) (\$/kWh)	Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$)
Residential Service	\$0.00293	\$0.00399	(\$0.00106)	(\$1.06)
Non-Res Service – SGS	\$0.00252	\$0.00517	(\$0.00265)	(\$2.65)
Non-Res Service – LGS	\$0.00441	\$0.00603	(\$0.00162)	(\$1.62)
Non-Res Service – LPS	\$0.00204	\$0.00367	(\$0.00163)	(\$1.63)

17

18

1 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

2 A: The requirements for adjustment of DSIM rates are found in Commission rules 20 CSR
3 4240-20.093(4). In summary, the requirements outline that the update filing include
4 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

5 A) Amount of revenue that was over-collected or under-collected through the most
6 recent recovery period by rate class.

7 B) Proposed positive or negative adjustments by rate class.

8 C) Electric utility's short-term borrowing rate.

9 D) Proposed adjustments to the current DSIM rates.

10 E) Complete documentation for the proposed adjustments to the current DSIM rates.

11 F) Any additional information the Commission ordered to be provided.

12 G) Annual report as required by 20 CSR 4240-20.093(9).

13 As part of my Direct Testimony, I have included the information required for update of
14 the DSIM rate in the attached Schedules LAS-1 and LAS-2. The 2021 Demand-Side
15 Program Annual Report for MEEIA Cycle 3, referenced in Item G above, was filed on
16 March 31, 2022, in Case No. EO-2022-0271.

17 **Q: Are you sponsoring this information?**

18 A: Yes, I am.

19 **Q: Please explain why Evergy Missouri West has filed an adjusted DSIM rate schedule**
20 **at this time?**

21 A: The Commission's rule governing DSIM filings and submission requirements for electric
22 utilities, specifically 20 CSR 4240-20.093(4), requires Evergy Missouri West to make at
23 least annual adjustments of DSIM rates that reflect the amount of revenue that has been

1 over/under collected. Evergy Missouri West’s DSIM tariff requires two semi-annual rate
2 adjustments to become effective February 1 and August 1 of each year. Based upon
3 actual and estimated performance during the six-month time period(s), DSIM rates may
4 be adjusted up or down.

5 **Q: Please describe the various DSIM rate components that make up the proposed**
6 **DSIM rate.**

7 A: As the MEEIA Cycle 3 DSIM tariff describes, the DSIM rate components consist of 1)
8 Program Costs (“PC”), Throughput Disincentive (“TD”) and Earnings Opportunity
9 (“EO”) for the MEEIA Cycle 3 Plan, as well as PC, TD and EO for the MEEIA Cycle 2
10 Plan; 2) Reconciliations, with interest, to true-up differences between revenues billed
11 under the DSIM rider and total actual monthly amounts for PC, TD, EO and any
12 remaining true-ups or unrecovered amounts for Cycle 2 and Cycle 3; and 3) any Ordered
13 Adjustments.

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

16 A: As the DSIM tariff for MEEIA Cycle 3 describes, the DSIM rate components consist of
17 projected PC and TD for MEEIA Cycle 3 programs for November 2022 through
18 December 2023 as well as the reconciliation of actual and expected PC and TD for Cycle
19 3 through October 2022. The MEEIA Cycle 3 costs included in this filing are the current
20 forecasted levels of program participation and related costs. Also included for recovery
21 in the calculation of the DSIM rates are projected TD associated with MEEIA Cycle 2 for
22 November 2022 through December 2022 as well as the reconciliation of actual and
23 expected PC, TD and EO for Cycle 2 through October 2022.

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

2 A: Consistent with the current DSIM rates effective August 1, 2022, the EO included in this
3 filing is based on verified MWh and MW savings for the three program years of Cycle 2
4 beginning April 2016 through March 2019, including EO TD adjustments, and for the
5 Cycle 2 extension program year April 2019 through December 2019, including EO TD
6 adjustments, which has been calculated in accordance with Tariff Sheet Nos. 138.6 and
7 138.8. The MEEIA Cycle 2 tariff provides for the recovery of the EO over 24 months.
8 The Company took the total adjusted EO and divided that amount by the four semi-
9 annual rate update periods and has included an EO amount for the current Effective
10 Period (“EP”), or six-months beginning January 2023, plus the succeeding EP as
11 described on tariff Sheet No. 138.11. An EO credit amount totaling (\$207,690) for Cycle
12 2 representing EO TD adjustments has been included in the calculation of the DSIM rate
13 in this filing. In addition, the EO included in this filing is based on verified MWh and
14 MW savings for the 2020 program year of Cycle 3, including EO TD adjustments, which
15 has been calculated in accordance with Tariff Sheet Nos. 138.16 and 138.18. The
16 MEEIA Cycle 3 tariff provides for the recovery of the EO over 12 months. The
17 Company took the total adjusted EO and divided that amount by the 12 months and has
18 included an EO amount for the current Effective Period (“EP”), or six-months beginning
19 February 2023, plus the succeeding EP as described on tariff Sheet No. 138.11. An EO
20 amount totaling \$312,871 for Cycle 3 has been included in the calculation of the DSIM
21 rate in this filing. The sum of the PC, TD and EO amounts are divided by the projected
22 billed retail kWh sales, excluding opt-out sales, by rate class for February 2023 through
23 January 2024 to develop the proposed DSIM rates.

1 **Q: If the rate schedule filed by Evergy Missouri West is approved, what safeguards**
2 **exist to ensure that the revenues the Company bills to its customers do not exceed**
3 **actual DSM Program Costs and TD incurred, as well as the earnings opportunity or**
4 **performance incentive?**

5 A: Evergy Missouri West's DSIM Rider mechanism and the Commission's rules provide
6 two mechanisms to ensure that amounts billed to customers do not exceed Evergy
7 Missouri West's actual, prudently incurred DSM Program Costs and TD and
8 performance incentive or EO. First, at the end of each recovery period, the Company is
9 required to true up amounts billed to customers through the DSIM Rider based upon
10 Program Cost and TD actually incurred during that six-month period. Per MEEIA rule
11 20 CSR 4240-20.093(4), these adjustments will be supported by complete documentation
12 and workpapers that demonstrate the need for DSIM rate adjustment. All proposed
13 adjustments and supporting documentation are subject to review by MPSC Staff and all
14 MEEIA stakeholders. Second, per MEEIA rule 20 CSR 4240-20.093(11), Evergy
15 Missouri West's DSIM is subject to periodic prudence reviews by MPSC Staff to ensure
16 that only prudently incurred Program Costs and TD are billed to customers. These two
17 mechanisms serve as checks to ensure that the Company's customers pay only the
18 prudently incurred, actual Program Costs and TD resulting from implementation of
19 MEEIA DSM programs.

20 **Q: Has Evergy Missouri West made any adjustments to the DSIM calculation**
21 **regarding the Home Energy Report program?**

22 A: Yes. The Company has agreed as noted in the MEEIA Cycle 3 extension Non-
23 Unanimous Stipulation and Agreement, in Case No. EO-2019-0132 effective January

1 2023, to discontinue the HER program. Projected PC amounts for January 2023 through
2 December 2023 reflect this change.

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

4 A: Yes, Evergy Missouri West has been through five prudence reviews.

5 **Q: Are there any issues impacting this filing as a result of the prudence reviews**
6 **conducted by MPSC Staff?**

7 A: Yes. In the fifth prudence review covering the period of January 2020 through March
8 2021, Case No. EO-2021-0416, Staff recommended a disallowance of \$23,014 of
9 program costs including interest and \$1,577,602 of throughput disincentive related to the
10 Company's HER program. The Company disputes Staff's alleged disallowances. On July
11 21, 2022, the Commission approved the Stipulation and Agreement filed on July 1, 2022
12 where the Company agreed to include in this filing a credit of \$14,795.65 to return
13 disallowed program costs from the review period of January 2020 through March 2021
14 and a credit of \$407,674 to resolve the alleged HER TD double-recovery issue.

15 In the fourth prudence review covering the period of April 2018 through
16 December 2019, Case No. EO-2020-0228, Staff believes the Company was imprudent in
17 implementation of the Residential Programmable Thermostat program. The Company
18 disputes Staff's findings and believes that it has operated the programs in a prudent
19 manner, consistent with the tariffs approved by the Commission. On May 4, 2022, the
20 Commission issued its Report and Order concluding that the Company acted imprudently
21 in giving away thermostats to customers who did not ultimately participate in the
22 program and ordered an adjustment amounting to \$116,665 plus interest be refunded.
23 Evergy Missouri West included a refund of \$116,665 plus interest of \$11,757 in the

1 previous DSIM filing, Case No. ER-2022-0335. The reconciliation of these adjustments
2 is also included in this filing.

3 **Q: What action is Evergy Missouri West requesting from the Commission with respect**
4 **to the rate schedule that the Company has filed?**

5 A: The Company requests the Commission approve the rate schedule to become effective
6 February 1, 2023.

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

8 A: Yes, it does.