

Exhibit No.:
Issue: Class Cost of Study, Revenue Allocation, Rate Design
Witness: Kavita Maini
Type of Exhibit: Rebuttal Testimony
Sponsoring Parties: MECG
Case No.: ER-2024-0189
Date Testimony Prepared: August 6, 2024

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

**In the Matter of Every Missouri West,)
Inc. d/b/a Every Missouri West's Request) File No. ER-2024-0189
for Authority to Implement A General)
Rate Case Increase for Electric Service)**

Rebuttal Testimony and Schedules of

Kavita Maini

On behalf of

MIDWEST ENERGY CONSUMERS GROUP

August 6, 2024



KM ENERGY CONSULTING, LLC

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

In the Matter of Every Missouri West, Inc. d/b/a)
Every Missouri West's Request for)
Authority to Implement A General Rate) Case No. ER-2024-0189
Case Increase for Electric Service)

STATE OF WISCONSIN)
) SS
COUNTY OF WAUKESHA)

AFFIDAVIT OF KAVITA MAINI

Kavita Maini, being first duly sworn, on her oath states:

1. My name is Kavita Maini. I am a consultant with KM Energy Consulting, LLC. having its principal place of business at 961 North Lost Woods Road, Oconomowoc, WI 53066. I have been retained by the Midwest Energy Consumers Group ("MECG") in this proceeding on its behalf.
2. Attached hereto and made a part hereof for all purposes are my rebuttal testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2024-0189.
3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Kavita Maini

Kavita Maini

Marc Barbeau
Notary Public
State of Wisconsin

Marc Barbeau
WAUKESHA County
August 6, 2024
com EYP: 04/13/2026

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SCHEDULE KM-1: WISCONSIN POWER AND LIGHT TIME OF USE ANALYSIS

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File No. ER-2024-0189

Rebuttal Testimony of Kavita Maini

1 **I. INTRODUCTION**

2 **Q. Please state your name and occupation.**

3 A. My name is Kavita Maini. I am the principal and sole owner of KM Energy Consulting,
4 LLC.

5 **Q. Please state your business address.**

6 A. My office is located at 961 North Lost Woods Road, Oconomowoc, WI 53066.

7 **Q. Are you the same Kavita Maini that filed previously Direct Testimony in this case?**

8 A. Yes, I filed direct testimony on behalf of the Midwest Energy Consumers Group
9 ("MECG"). My direct testimony provided recommendations regarding Every
10 Missouri West Inc.'s ("EMW" or "Company") class cost of service study ("COSS"),
11 revenue allocation to classes and rate design for the Large General Service ("LGS") and
12 Large Power Service ("LPS") rate schedules.

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

14 A. The purpose of my rebuttal testimony is to address (a) Staff's revenue allocation, and
15 (b) Staff's rate design recommendations applicable to the LGS and LPS rate schedules.
16 The fact that I do not address any particular issue should not be interpreted as my

1 implicit approval of any position taken by Staff on that issue.

2 **II. SUMMARY**

3 **Q. Please summarize your testimony and recommendations.**

4 A. The following is a summary of my testimony and recommendations:

5 **Section III: Revenue Requirement Allocation**

Staff's suggested approach to retain the existing class revenue responsibility implies an equal percent increase which focuses entirely on moderating impacts to classes while ignoring the consideration of fairness between classes. The Commission should adopt MECG's recommendations which includes fairness and moderation considerations.

Section IV: LPS/LGS Rate Design

a) I am not supportive of Staff's time variant overlay concept due to the following reasons:

1. It is not effective to mix two different rate design concepts and make the existing rate design more complex.
2. The current rate design implicitly has time variant elements.
3. Even it could be argued that an overlay concept is reasonable, the load shape and pricing analysis needs to consider more years than just the test year to determine a more robust time period differentiation.

b) I recommend (a) a more systematic approach to reform the LGS and LPS rate designs so that they could be phased into a time variant rate over time and (b) a time variant rate as an optional rate. I recommend that these items be thoroughly vetted in advance of the next rate case. In this regard, MECG is interested in working collaboratively with the Company and other parties. I note that the Company is currently implementing such a collaborative approach in Kansas. The collaborative effort in advance of the case will be instrumental in introducing the reforms and the new rate in the next case.

III. REVENUE REQUIREMENT ALLOCATION

Q. What is Staff's revenue allocation proposal?

A. Ms. Sarah Lange recommends no changes in class revenue responsibility on page 2 of her direct testimony.

1 **Q. How do you interpret this recommendation to be applied?**

2 A. I interpret her recommendation to be applied as an equal percentage increase to all
3 classes which would result in maintaining the status quo in class revenue responsibility.

4 **Q. Do you support this recommendation?**

5 A. No. An equal percent increase assumes that the class cost responsibility is the same as
6 the class revenue responsibility at present rates. However, as demonstrated in my direct
7 testimony, the class cost of service study results using equal rate of return at present
8 rates shows that the class revenue responsibility should be lowered for some classes and
9 increased for other classes.

10 The utilization of an equal percent approach focuses entirely on moderating
11 impacts to classes while ignoring the consideration of fairness between classes. This
12 approach fails to recognize the inequity in asking one or more classes to subsidize other
13 classes. In contrast, MECG's revenue allocation recommendation includes fairness and
14 moderation considerations.¹

15 **IV. RATE DESIGN**

16 **Q. What are Staff's proposed structural changes to the LPS and LGS rate design?**

17 A. My understanding of Staff witness Ms. Sarah Lange's proposed recommendations
18 regarding the LPS and LGS rates are as follows:

- 19 • Retain the existing rate design for customer charges, facility charges and demand
20 charges. Regarding the energy charges, remove the winter seasonal energy block
21 and fold the related billing determinants for all three winter seasonal energy blocks
22 into the winter base energy tail block with over 360 hours of use.

¹ See Section IV, Revenue Requirement Allocation, in my Direct Testimony.

- 1 • Reduce the differences between the first, second and tail energy blocks while
 2 ensuring revenue neutrality by voltage service level.
- 3 • Impose a mandatory time-based overlay on the existing rate design. She proposes
 4 an off peak and an on peak overlay as shown on page 22 of her direct testimony and
 5 provided below.

		Super Off-Peak	Off-Peak	On-Peak
Time Periods	Summer	Midnight - 6:00 am	6:00 am - 2:00 pm; 6:00 pm - Midnight	2:00 pm - 6:00 pm
	Non-Summer	Midnight - 5:00 am	11:00 am - 5:00 pm	5:00 am - 11:00 pm; 5:00 pm - 8:00 pm
Approximate Overlay Values	Summer	\$ (0.030)	\$ -	\$ 0.030
	Non-Summer	\$ (0.020)	\$ -	\$ 0.003

6
 7 In general, I understand that Staff proposes the above to lessen the reliance on
 8 the hours-use rate structure while incorporating the time-based overlay.

9 **Q. Please comment on Staff's proposed structural changes.**

10 A. While I am supportive of introducing a well-designed time variant rate option applicable

11 to large commercial and industrial customers and appreciate Staff's effort involved in
 12 conducting the analysis leading to Staff's recommendations, I am not supportive of a
 13 time variant overlay concept due to the following reasons:

14 4. It is not effective to mix two different rate design concepts and make the existing
 15 rate design more complex.

16 5. The current rate design implicitly has time variant elements.

17 6. Even it could be argued that an overlay concept is reasonable, the load shape and
 18 pricing analysis needs to consider more years than just the test year to conclusively
 19 determine the time period differentiation.

20 I discuss each of these reasons below.

- 1 Q. Please explain your reason regarding the ineffectiveness of adding an overlay.
- 2 A. The existing rate design is complex with interlinkages between demand and energy
- 3 billing determinants. Adding an overlay on top of this rate design will only compound
- 4 the complexity. Further, it would not be effective to make piecemeal changes to the
- 5 existing rate design due to the interlinkages in the rate design.

6 The Company's current rate design is centered around the Annual Base Demand

7 (or ABD) which then drives the calculations for seasonal demand as well as billing

8 determinants for base and seasonal energy consumption respectively. The focus of this

9 rate design is on the summer maximum demands with higher demand charges for this

10 period versus the non-summer months (see for example, the LPS rate). A customer's

11 non-summer demand that is above the ABD threshold, is provided at no cost. Consistent

12 with the pricing signal from demand charges and from a relative standpoint, there are

13 higher summer base and seasonal charges and lower base energy charges for the non-

14 summer with the non-summer seasonal period at the lowest price. Since the calculation

15 of demand and energy components (and related pricing signals) are interlinked, it would

16 not make sense to eliminate certain elements such as the seasonal energy blocks and

17 charges all together. Staff also did not provide an explanation or rationale for why these

18 blocks should be eliminated. Staff also did not provide customer related impacts of

19 these proposed changes.

20 In order to make changes in the existing rate design, we need to evaluate and

21 consider the impacts of removing the ABD element first. In this regard, as indicated in

22 my direct testimony and discussed further below, I recommended a collaborative effort

1 with EMW to develop and refine proposed changes prior to introducing modifications
2 in the next rate case.

3 **Q. Please explain your view that the time variant element is implicitly included in the**
4 **existing rate design.**

5 A. As more energy is consumed, the rates are lower, which is implicitly accounting for
6 higher use of energy in the off-peak hours Ms. Lange's description sums the description
7 well in the following testimony on page 4 of her direct testimony:

8 Alternatively, it could be thought of as charging a relatively high rate for
9 energy consumed on a daytime first shift, a moderate rate for energy
10 consumed on second shift, and a relatively lower rate for energy consumed
11 on the overnight third shift.

12 The time based elements are implicitly present in the daytime, nighttime and
13 overnight shifts. Therefore, forcing an overlay on top of the existing rate design is
14 confusing and is not technically justified.

16 I also do not support reducing the energy charge differentials between blocks.
17 Rather, depending on the revenue allocation and related rate increase, it would be more
18 reasonable to leave the tail block charges unchanged, so these charges do not deviate
19 further from reflecting the energy costs associated with the "overnight" shift.

20 **Q. Does a single year worth of data provide enough robustness to have confidence in**
21 **the identified time differentiated periods?**

22 A. No. Even if the overlay concept was found to be reasonable, which as discussed above
23 I do not support, we need more data to define the time differentiated periods. A one
24 year time frame is not enough to be confident of the time differentiated periods. I am

1 skeptical, for instance, as suggested by Staff, that weekends and holidays should be
2 priced the same way as weekdays.

3 It is important to analyze multiple years to enable a robust understanding of the
4 hourly pricing trends used to determine on peak, off peak and super off peak hours by
5 season. The time periods need to be sustainable for more than one year so avoid sending
6 mixed pricing signals or confusing customers by changing the definitions of the
7 different periods in every rate case. Further, a multi-year analysis would result in
8 muting the impacts of anomalies or issues that may be specific to a single year.

9 As an example, I am attaching a Schedule KM-1 that includes an exhibit from a
10 past Wisconsin Power & Light (WPL) case where the utility witness introduced new
11 time differentiated periods. The main objective of this Schedule is to show that WPL's
12 analysis consisted of utilizing multiple years to determine the specific time of use
13 periods it ended up proposing.

14 **Q. Ms. Lange indicates on page 23 that the goal of cost-based time-based energy rates
15 is to better align cost causation with revenue responsibility. Do you agree?**

16 A. Yes. I agree. However, at present, the rates are not aligned with the cost of service for
17 each class. Further, the fuel cost related allocation to classes based on a flat kWh
18 allocator instead of recognizing the time variant nature of these costs. Finally, the
19 energy rates are not reflective of the embedded costs but rather also used to recover
20 fixed costs. On average, the functional energy cost guidance from the Company's cost
21 of service is \$0.0305/kWh and \$0.0305/kWh for LPS and LGS respectively.² However,
22 the cost recovery from energy charges in LPS and LGS rates is disproportionately high

² See Schedule MEM-2 in Ms. Miller's direct testimony.

1 since all of the current energy rates including the tail block are higher than the average
2 embedded energy cost. Therefore, efforts are needed to get closer alignment with costs
3 to serve at the interclass level and for rate design guidance (intra class level).

4 **Q. What is your recommended approach regarding rate design for the LGS and LPS
5 class?**

6 A. I am supportive of Staff's intent of desiring time variant rates applicable to the LGS and
7 LPS classes. However, I do not support the notion of a mandatory option or forcing an
8 overlay concept in this case. In order to mitigate confusion, achieve more acceptance
9 of such rates and manage rate impacts, a thoughtfully designed time variant rate needs
10 to be introduced as an option. In parallel, it is also important to systematically reform
11 the LGS and LPS rate design so that it could be phased into a time variant rate over
12 time. I therefore recommend the following be conducted in advance of the next rate
13 case:

14 1. Work to reform the current rates: This entails evaluating and identifying the best
15 way to phase out the ABD element (which will impact other elements of the rate
16 design) while considering customer impacts for the current rate design.

17 2. Introduce a time variant rate as an option applicable to the LGS and LPS classes.
18 The Company's time variant rate introduced in Kansas could be used as a starting
19 point to evaluate whether the same rate or an alternative one would be more effective
20 in Missouri.

21 It is important and will be efficient to work on the above mentioned items in
22 advance of the next rate case to thoroughly vet (a) reforms and related impacts
23 associated with the current rates and (b) a new time variant option. MECG is interested

1 in working collaboratively with the Company and other parties on this effort. I note that
2 the Company is currently implementing such a collaborative approach in Kansas. The
3 collaborative effort in advance of the case will be instrumental in introducing the
4 reforms and the new rate in the next case.

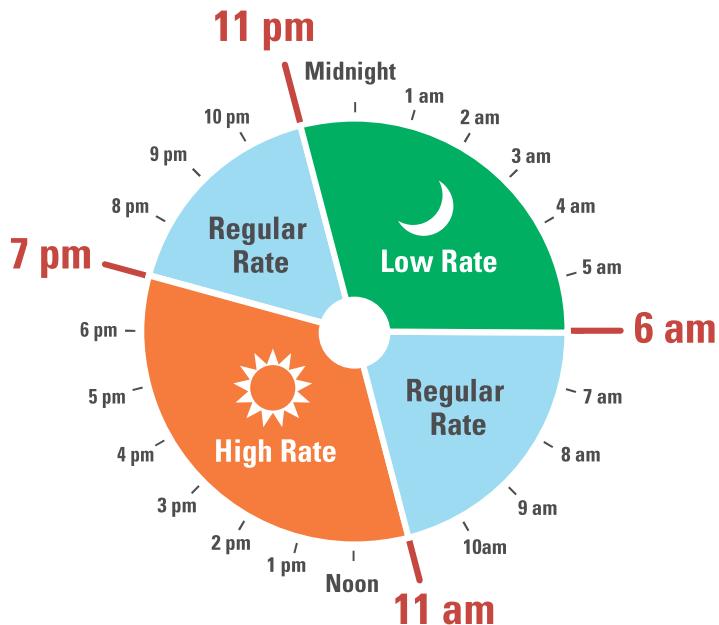
5 **Q. Does this conclude your rebuttal testimony?**

6 A Yes.

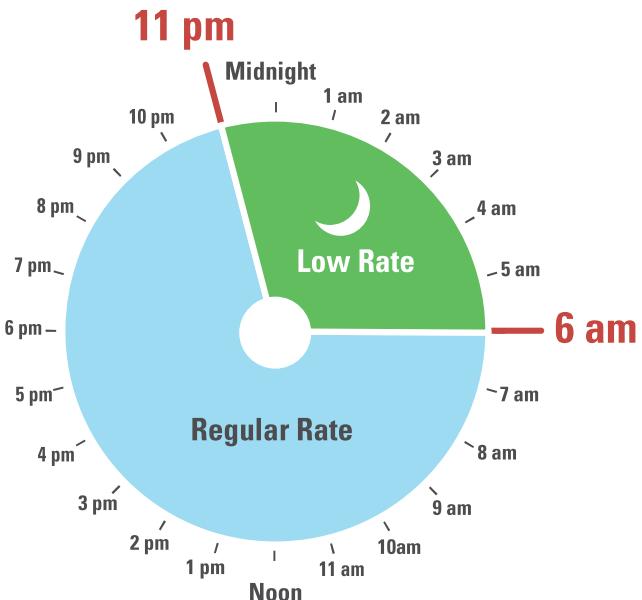
**SCHEDULE KM -1: WISCONSIN POWER & LIGHT'S
TIME OF USE ANALYSIS**

Nights and weekends

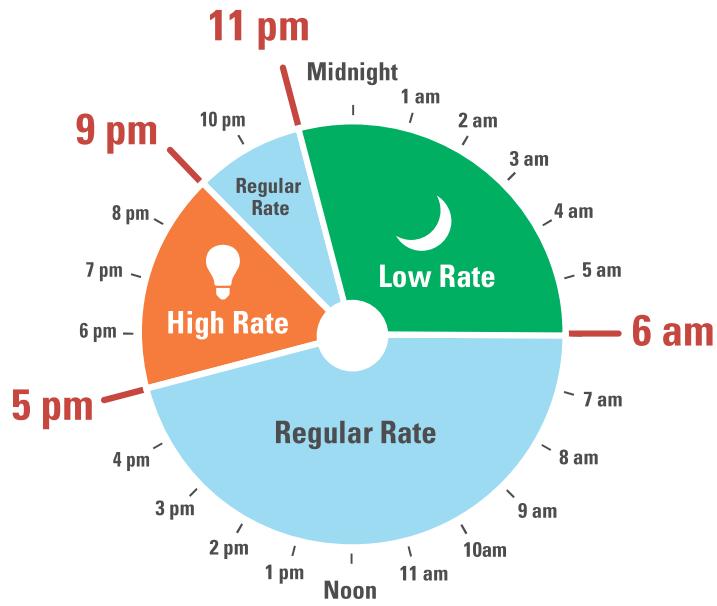
Summer weekdays



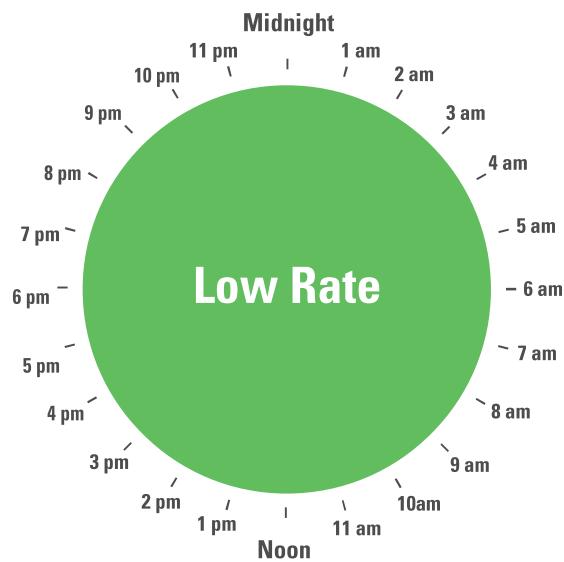
Spring / Fall weekdays



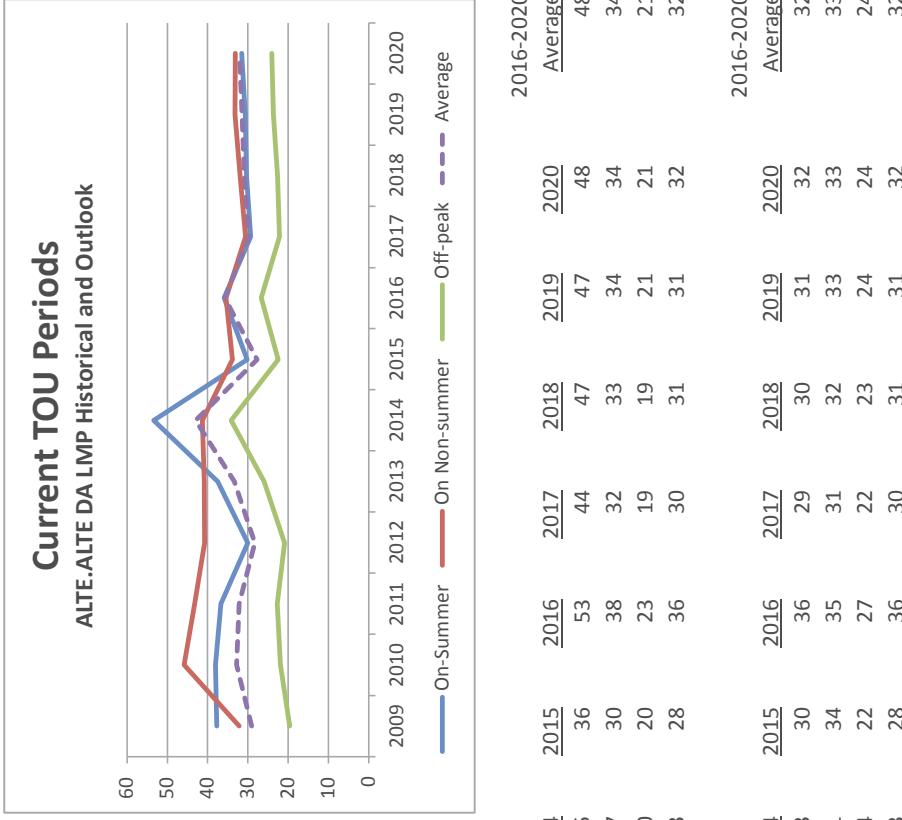
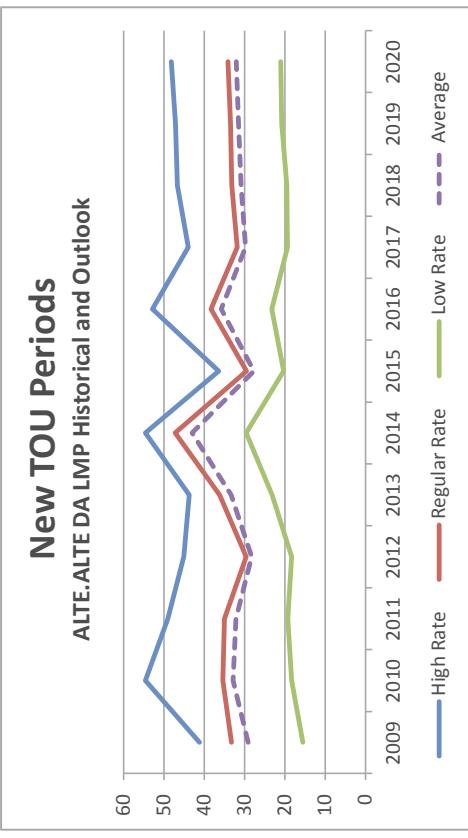
Winter weekdays

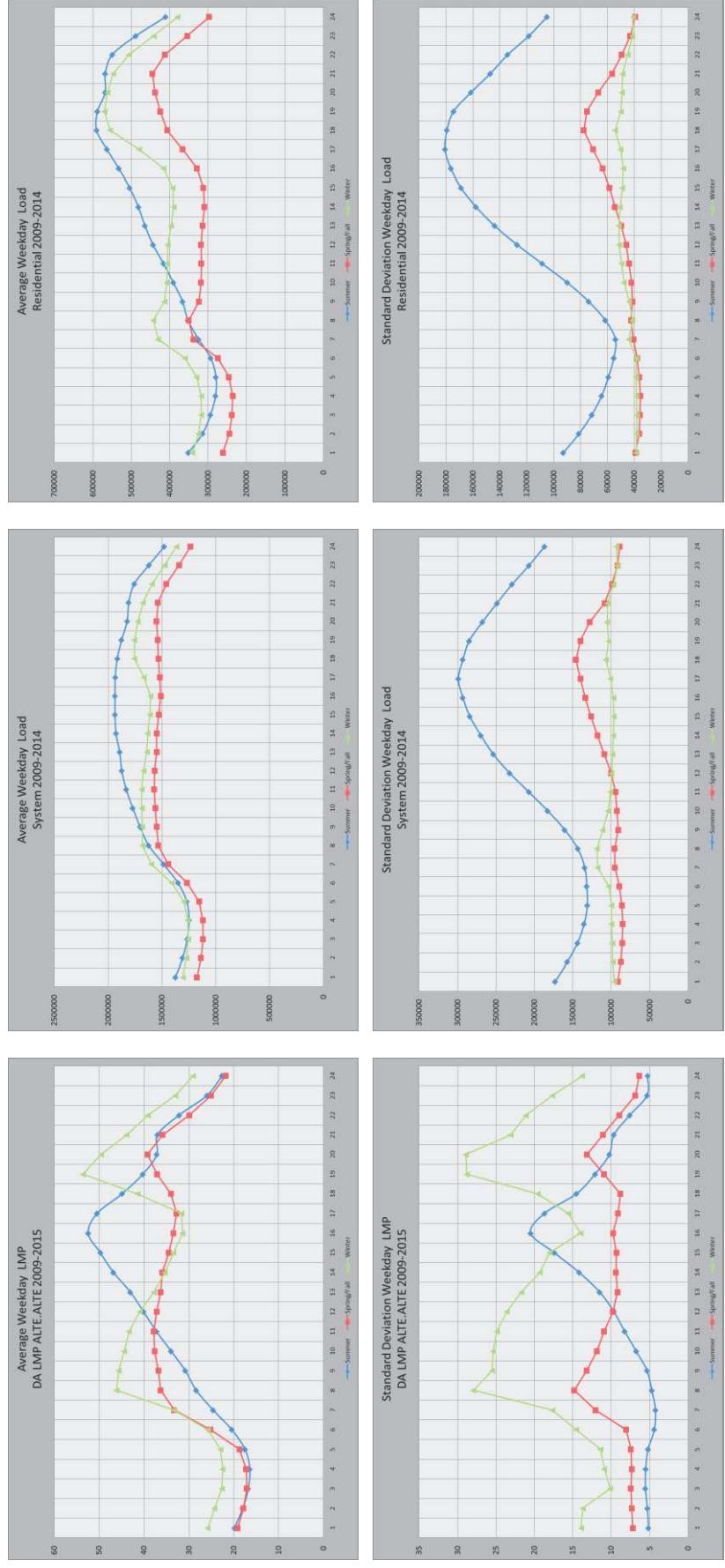


Year-round weekends



Wisconsin Power and Light Company
ALTE.ALTE Locational Marginal Price (\$/mWh)





Wisconsin Power and Light Company
Locational Marginal Price and Use
by Current Time of Use Schedule

