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Witness: Brad J. Fortson
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ER-2018-0146
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MISSOURI PUBLIC SERVICE COMMISSION
COMMISSION STAFF DIVISION
ENERGY RESOURCES DEPARTMENT

REBUTTAL TESTIMONY

OF

BRAD J. FORTSON

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2018-0145

AND

KCP&L GREATER MISSOURI OPERATIONS COMPANY
& CASE NO. ER-2018-0146

Jefferson City, Missouri
August 2018

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1 A. 1) Staff supports KCPL's and GMO's proposals for new LED Private Lighting
2 tariffs; 2) Staff recommends implementation of mandatory ToU rates for the residential
3 classes for both KCPL and GMO for all customers with AMI meters. The ToU rate pilots
4 proposed by KCPL and GMO are inappropriate in the context of this rate case and should be
5 denied; and 3) KCPL's and GMO's next MEEIA Cycle 3 filing is the most appropriate place
6 to address the proposals discussed in Ms. Winslow's supplemental direct testimony.

7 **LED PRIVATE LIGHTING**

8 Q. What are KCPL's and GMO's proposals for extending the availability of LED
9 lighting into their Private Lighting service?

10 A. KCPL and GMO have identified three area light options and three flood light
11 options to be offered under their Private Area Lighting programs. The light sizes, based in
12 lumens, range from 4,500 to 45,000, and effectively replace the current High Pressure Sodium
13 (HPS) and Mercury Vapor alternatives deployed under the current Private Area Lighting
14 service tariffs. The proposed rates for LED private lights are lower than the current HPS
15 standard available under the current Private Area Lighting service tariffs. The rate reduction
16 is reflective of the lower cost of maintenance and operation associated with the LED
17 technology. Under KCPL's and GMO's proposals, and subject to the terms preexisting from
18 the current tariffs, customers would be able to request the new lights.

19 Q. Does Staff support KCPL's and GMO's proposals for a new LED Private
20 Lighting tariff?

21 A. Yes. Staff supports KCPL's and GMO's proposals for new LED Private
22 Lighting tariffs. In making its determination of support, Staff reviewed Mr. Lutz's
23 Direct Testimony, the corresponding work papers, and exemplar redlined tariff sheets.

1 **TIME OF USE RATES**

2 Q. Can you generally describe how KCPL and GMO plan to implement the
3 proposed ToU rates?

4 A. Yes. Mr. Rush provided direct testimony on the issue which states, "...the
5 Company considers these rate pilot programs to be MEEIA programs and proposes that they
6 be included in its next MEEIA portfolio of programs (Cycle 3)."¹ Mr. Rush goes on to state
7 that, "The primary reason [for including the rate pilot programs in this case] is these rate pilot
8 programs effect revenues. Thus, they are better addressed in a rate case that will then allow
9 the rate pilot programs to be reviewed as a rate design issue in this case while the revenues
10 will flow through the recovery mechanism in the Company's next MEEIA program
11 portfolio."² Mr. Rush further states that, "The Company proposes that the rates be approved
12 in this case, but not be implemented or used until the next MEEIA program cycle, which
13 should happen several months after the effective date of rates in this case."³

14 Q. Does Staff support Commission approval in this case of KCPL's and GMO's
15 proposed ToU rate pilots for future use in a potential MEEIA application?

16 A. No. It is premature to approve these ToU rate pilots in this case if the
17 implementation of these rates is contingent upon an approved MEEIA application.

18 Q. Can you further explain?

19 A. MEEIA Cycle 2, for both KCPL and GMO, ends March 31, 2019. KCPL and
20 GMO have not yet filed a MEEIA Cycle 3 Application for Approval of Electric Utility
21 Demand-Side Programs or Portfolio,⁴ or an Application to establish, continue, or modify a

¹ EFIS Item No. 16, Direct Testimony of Tim M. Rush (Public & Confidential), Page 7.

² Ibid.

³ Ibid.

⁴ 4 CSR 240-20.094(4).

1 Demand-Side Programs Investment Mechanism ("DSIM").⁵ With no MEEIA Cycle 3
2 Application yet filed, there is no way of knowing how the ToU rate pilots proposed by KCPL
3 and GMO in this case will align with a Demand-Side Portfolio and the mechanics of the
4 DSIM of a future MEEIA Cycle 3 Application. Along with many other filing requirements,⁶
5 as part of a DSIM application a DSIM amount has to be established. "DSIM amount" means
6 the sum of the program cost recovery amount, throughput disincentive amount, and earnings
7 opportunity amount.⁷ Mr. Rush and Ms. Winslow both propose in direct testimony that as
8 MEEIA Cycle 3 programs, the program costs, throughput disincentive, and earnings
9 opportunity will be recoverable for the ToU rate pilots.

10 Q. Did Mr. Rush or Ms. Winslow provide cost estimates for the program costs,
11 throughput disincentive, and earnings opportunity for the ToU rate pilots?

12 A. There are no program cost estimates or earnings opportunity estimates
13 associated with KCPL's and GMO's proposed ToU rate pilots. In Ms. Winslow's
14 Direct Testimony, she states: "MEEIA Cycle 2 ends March 31, 2019 and it is anticipated that
15 MEEIA Cycle 3 would go into effect in April, 2019. At that time, we expect to further
16 define how to launch the program and provide a program budget to support active
17 customer promotion and education as well as a budget for the evaluation, measurement,
18 and verification."⁸ For the throughput disincentive estimate, Ms. Winslow references a
19 Burns & McDonnell Engineering Company study. This estimate provides a very wide range
20 of average lost revenue per participant from a low of \$0.50 per month to a high of \$5.60 per
21 month.

⁵ 4 CSR 240-20.093(2).

⁶ 4 CSR 240-20.093(2)(A).

⁷ 4 CSR 240-20.092(1)(P).

⁸ EFIS Item No. 19, Direct Testimony of Kimberly H. Winslow, Page 14.

1 Q. Could the ToU rate pilots proposed by KCPL and GMO in this case be
2 implemented outside of the context of a MEEIA application?

3 A. Yes.

4 Q. Would Staff support the ToU rate pilots proposed by KCPL and GMO in this
5 case if they were proposed in a MEEIA application?

6 A. Without the full MEEIA application to consider, Staff is unable to evaluate the
7 ToU rate pilots proposed by KCPL and GMO. Staff is not opposed to some variety of a
8 time-differentiated demand response program if designed appropriately in the context of a full
9 MEEIA application.

10 Q. What is Staff's recommendation for the ToU rate pilots proposed by KCPL
11 and GMO in this case?

12 A. As stated in the *Staff Direct Class Cost of Service Report with Appendices*,⁹
13 Staff recommends implementation of mandatory ToU rates for the residential classes for both
14 KCPL and GMO for all customers with AMI meters. The ToU rate pilots proposed by KCPL
15 and GMO are inappropriate in the context of this rate case and should be denied. However,
16 this does not preclude KCPL and GMO from proposing ToU-based programs in the next
17 MEEIA application, or the Commission approving Staff's recommended ToU proposal.

18 **SUPPLEMENTAL DIRECT TESTIMONY OF KIMBERLY H. WINSLOW**

19 Q. What is the purpose of Ms. Winslow's Supplemental Direct Testimony?

20 A. The purpose of Ms. Winslow's Supplemental Direct Testimony is to respond,
21 in part, to the Commission's May 4, 2018, *Order Granting Motion for Supplemental Direct*

⁹ EFIS Item No. 80.

1 *Testimony*¹⁰ (“Order”). The Commission’s Order was in response to Staff’s *Motion for*
2 *Supplemental Direct Testimony in Furtherance of Staff’s Report on Distributed Energy*
3 *Resources*.

4 Q. Did KCPL and GMO comply with the Commission’s Order?

5 A. Yes. However, Ms. Winslow indicated that any proposal discussed in her
6 Supplemental Direct Testimony would be introduced as a proposed component in KCPL’s
7 and GMO’s next MEEIA Cycle 3 filing.

8 Q. Does Staff agree that KCPL’s and GMO’s next MEEIA Cycle 3 filing is the
9 most appropriate place to address the proposals discussed in Ms. Winslow’s Supplemental
10 Direct Testimony?

11 A. Yes. That is consistent with the recommendations in the *Staff Report on*
12 *Distributed Energy Resources*¹¹ and would be the most appropriate to address the proposals
13 discussed in Ms. Winslow’s Supplemental Direct Testimony.

14 Q. Does this conclude your rebuttal testimony?

15 A. Yes.

¹⁰ EFIS Item No. 46.

¹¹ Case No. EW-2017-0245; EFIS Item No. 90.

Brad J. Fortson

Education and Employment Background

I am a Regulatory Economist III in the Energy Resources Department, Commission Staff Division of the Missouri Public Service Commission. I have been employed at the Missouri Public Service Commission ("Commission") as a Regulatory Economist from December 2012 through March 2015, and August 2015 through current.

I received an Associate of Applied Science degree in Computer Science in May 2003, Bachelor of Science degree in Business Administration in May 2009, and Master of Business Administration degree with an emphasis in Management in May 2012, all from Lincoln University, Jefferson City, Missouri.

Prior to first joining the Commission, I worked in various accounting positions within four state agencies of the State of Missouri. I was employed as an Account Clerk II for the Inmate Finance Section of the Missouri Department of Corrections; as an Account Clerk II for the Accounts Payable Section of the Missouri Department of Health and Senior Services; as a Contributions Specialist for the Employer Accounts Section of the Missouri Department of Labor and Industrial Relations; and as an Accountant I for the Payroll Section of the Missouri Office of Administration. From April 1 through July 31, 2015, I worked for the Missouri Office of the Public Counsel before joining the Commission once again.

Brad J. Fortson

Case Participation History

Case Number	Company	Issue	Exhibit
HT-2013-0456	KCP&L Greater Missouri Operations Company	Quarterly Cost Adjustment	Staff Memorandum
HR-2014-0066	Veolia Energy Kansas City	Revenue by Class and Rate Design	Staff Report
HR-2014-0066	Veolia Energy Kansas City	Recommendation of tariff approval	Staff Memorandum
GR-2014-0086	Summit Natural Gas of Missouri, Inc.	Large Volume Service Revenue	Staff Report
HT-2014-0286	KCP&L Greater Missouri Operations Company	Quarterly Cost Adjustment	Staff Memorandum
ER-2015-0132	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report, Rebuttal, Surrebuttal
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Staff Report
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Rebuttal
EO-2015-0240	Kansas City Power & Light Company	Custom Program Incentive Level	Direct Testimony
EO-2015-0241	KCP&L Greater Missouri Operations Company	Custom Program Incentive Level	Direct Testimony
ET-2016-0145	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0146	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0152	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
EO-2015-0240	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
EO-2015-0241	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report, Rebuttal, Surrebuttal
ET-2016-0268	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ET-2016-0269	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
JE-2016-0344	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
EM-2016-0213	The Empire District Electric Company (merger case)	DSM Programs and MEEIA Filings	Rebuttal & Surrebuttal
JE-2017-0043	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
JE-2017-0044	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
JG-2017-0038	Missouri Gas Energy (Laclede)	Recommendation of tariff approval	Staff Memorandum
ER-2016-0156	KCP&L Greater Missouri Operations Company	MEEIA summary and LED street lighting	Staff Report
EO-2016-0183	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2016-0223	The Empire District Electric Company	Triennial compliance filing	Staff Report
ER-2016-0285	Kansas City Power & Light Company	LED street lighting	Staff Report
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	LED street lighting	Staff Report
ER-2016-0285	Kansas City Power & Light Company	Response to Commissioner questions	Staff Report
ER-2017-0149	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	Response to Commissioner questions	Staff Report
ER-2017-0166	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ER-2017-0167	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
EO-2015-0240	Kansas City Power & Light Company	TRM and Program Incentive Range Changes	Staff Memorandum
EO-2015-0241	KCP&L Greater Missouri Operations Company	TRM and Program Incentive Range Changes	Staff Memorandum
EO-2015-0055	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
EO-2017-0209	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2017-0210	KCP&L Greater Missouri Operations Company	MEEIA prudence review	Staff Report
ER-2017-0316	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ER-2017-0317	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
ER-2018-0144	Union Electric Company d/b/a Ameren Missouri	Recommendation of tariff approval	Staff Memorandum
ER-2018-0152	Kansas City Power & Light Company	Recommendation of tariff approval	Staff Memorandum
ER-2018-0153	KCP&L Greater Missouri Operations Company	Recommendation of tariff approval	Staff Memorandum
EO-2015-0055	Union Electric Company d/b/a Ameren Missouri	Flex pay pilot program	Rebuttal Testimony
GR-2018-0013	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	Red Tag Program and Energy Efficiency Program Funding	Staff Report, Rebuttal, Surrebuttal
JE-2018-0169	The Empire District Electric Company (merger case)	Recommendation of tariff approval	Staff Memorandum