

PUBLIC VERSION
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Has Been Removed.*

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

DIRECT TESTIMONY OF

KEVIN E. BRYANT

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
FOR APPROVAL TO IMPLEMENT A PORTFOLIO OF DEMAND SIDE
MANAGEMENT PROGRAMS INCLUDING
AFFORDABILITY, ENERGY EFFICIENCY, DEMAND RESPONSE AND
EDUCATIONAL PROGRAMS, AND TO IMPLEMENT A RIDER FOR RECOVERY OF
PROGRAM COSTS AND INCENTIVES ASSOCIATED WITH THIS PORTFOLIO**

DOCKET NO. 10-KCPE-795-TAR

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

2 **A:** My name is Kevin E. Bryant. My business address is 1200 Main, Kansas City, Missouri
3 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 “Company”) as
6 Vice President, Energy Solutions.

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

8 **A:** My responsibilities include providing leadership and direction to the Energy Solutions
9 team, including the development, coordination and execution of promotional strategies
10 and programs designed to efficiently and effectively promote and implement KCP&L’s

1 products and services. I am also responsible for all residential and commercial sales
2 efforts and for maintaining relationships with KCP&L's largest customers and trade
3 allies. My duties include initiating and bringing to market new products and services, as
4 well as improvements and innovations to existing products and services. My duties also
5 include the development, implementation and evaluation of customer programs, which
6 include demand side affordability, energy efficiency, and demand response programs.

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

8 A: I received dual undergraduate degrees in finance and real estate from the University of
9 Missouri – Columbia where I graduated Cum Laude in May 1997. I received my Masters
10 in Business Administration degree with an emphasis in finance and marketing from the
11 Stanford University Graduate School of Business in June 2002.

12 I joined Great Plains Energy Incorporated (“GPE”) in 2003 as a Senior Financial
13 Analyst and was promoted to Manager - Corporate Finance in 2005 where I was
14 responsible for contributing to the development and maintenance of the sound financial
15 health of both GPE and KCP&L through the management of company financing
16 activities. Prior to joining GPE, I worked for THQ Inc. from 2002 to 2003, a worldwide
17 developer and publisher of interactive entertainment software based in Calabasas,
18 California. I served as Manager - Strategic Planning where I was responsible for
19 establishing corporate goals and developing and assisting with the execution of the
20 Company's strategic plan. From 1998 to 2000, I worked as a Corporate Finance Analyst
21 for what is now UBS Paine Webber. I worked on mergers and acquisitions for medium
22 and large-sized companies. I also worked at Hallmark Cards as a Financial Analyst from
23 1997 to 1998.

1 **Q: Have you previously testified in a proceeding at the Kansas Corporation**
2 **Commission (“Commission” or “KCC”) or before any other utility regulatory**
3 **agency?**

4 A: Yes, I have. I testified before the Commission regarding KCP&L’s application for its
5 proposed Home Performance with ENERGY STAR[®] program. I also testified before the
6 Missouri Public Service Commission in Case No. EM-2007-0374 (Aquila acquisition
7 case).

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony is to:

- 10 (1) Provide the policy basis for filing the Company’s Demand Side Management
11 (“DSM”) programs as a portfolio;
- 12 (2) Provide a brief overview of KCP&L’s DSM efforts to date and present its plan to
13 modify KCP&L’s existing portfolio of programs, based upon the Company’s
14 experience, to better serve its customers’ needs going forward;
- 15 (3) Lay the foundation for KCP&L’s request for a DSM Rider to recover program
16 costs and to provide an incentive structure;
- 17 (4) Give an overview of KCP&L’s Benefit/Cost Analysis; and
- 18 (5) Give a brief summary of KCP&L’s Evaluation, Measurement & Verification
19 (“EM&V”) plans.

20 KCP&L’s request and the supporting testimony provided with this filing have
21 taken into account the goals and guidance provided by the Commission in the three
22 generic Kansas dockets that have addressed DSM programs. These include Docket No.

1 07-GIMX-247-GIV (the “247 Docket”), Docket No. 08-GIMX-441-GIV (the “441
2 Docket”), and Docket No. 08-GIMX-442-GIV (the “442 Docket”).

3 **Q: What is KCP&L requesting of the Commission?**

4 A: Specifically, KCP&L is requesting Commission approval of the following:

- 5 ▪ Modifications to certain existing KCP&L DSM program tariffs;
- 6 ▪ Discontinuation of one existing KCP&L DSM program tariff;
- 7 ▪ Implementation of one new KCP&L DSM program tariff;
- 8 ▪ Transition of continuing KCP&L DSM programs from pilot to permanent status;
- 9 and
- 10 ▪ Implementation of a new DSM Rider.

11 Essentially, this is a tariff filing encompassing KCP&L’s entire proposed DSM portfolio
12 that includes eight program tariffs covering 10 programs, one of which is an educational
13 program, plus a DSM Rider tariff. KCP&L is requesting Commission approval of all of
14 these tariffs. Additionally, KCP&L is requesting Commission approval for two non-
15 tariffed educational programs and a non-tariffed market research program.

16 **BASIS FOR PROPOSING AS A PORTFOLIO**

17 **Q: Why is KCP&L making this filing as a combined portfolio rather than asking for**
18 **individual approval of the new program and modifications to the existing**
19 **programs?**

20 A: There are several reasons why KCP&L believes these programs should be filed as a
21 portfolio. First, the Commission has expressed a preference for a comprehensive
22 approach to DSM. KCP&L’s portfolio, taken as a whole, provides a comprehensive suite
23 of programs that meet the Commission’s guidelines. Presenting the portfolio as a whole

1 provides an opportunity for the Commission to recognize the comprehensive nature of the
2 portfolio that might not be as apparent if the programs were offered up individually.
3 Also, KCP&L is in the unique position of having a suite of programs that it has put in
4 place over the past four and a half years and can now, through its experience, provide
5 enhancements to the portfolio and insight into the results of the portfolio.

6 Additionally, since KCP&L is requesting approval of a new DSM Rider which
7 includes an incentive structure, KCP&L's interpretation of the Commission's Order in
8 the 442 Docket ("442 Order") is that the Commission preferred an approach that
9 presented the entire portfolio of programs to be reviewed together along with the
10 proposal for incentive structure.

11 **BACKGROUND**

12 **Q: Please provide background information regarding KCP&L's existing DSM**
13 **commitment.**

14 **A:** In August 2005, the Commission approved the Stipulation and Agreement presented in
15 Docket No. 04-KCPE-1025-GIE ("1025 S&A"), which included a comprehensive energy
16 plan ("CEP") designed to deliver three key and sustainable benefits to KCP&L's
17 customers:

- 18 ▪ Generate affordable electricity to meet the demand in our area;
- 19 ▪ Stimulate the economy by creating jobs and keeping utility bills as low as
20 possible; and
- 21 ▪ Improve our region's environment through retrofitting our coal fleet and
22 implementing programs to give customers options to reduce their energy usage.

1 As part of the 1025 S&A, the Company committed to implement a portfolio of customer
2 demand response, energy efficiency and affordability programs. Implementation of each
3 program was subject to Commission approval. The Kansas share of the initial budget for
4 the five-year plan period was \$23.8 million. [1025 S&A, Appendix B].

5 **Q: Did other Kansas utilities have DSM programs in place at the time KCP&L**
6 **proposed implementation of its portfolio in the 1025 Docket?**

7 A: Few Kansas utilities had pursued DSM programs at that time and none had pursued
8 anything close to the comprehensive portfolio that KCP&L was proposing. KCP&L felt
9 that an aggressive portfolio of DSM programs was an essential ingredient to its CEP and
10 was determined to lead with a portfolio of programs for its service territory.

11 **Q: Has KCP&L implemented this portfolio of programs as committed?**

12 A: Yes. Beginning in late 2005, KCP&L submitted each program to the Commission for
13 review and approval, ultimately implementing a portfolio of programs including two
14 affordability programs, eight energy efficiency programs, and two demand response
15 programs. One was approved in 2005, four in 2006, six in 2007, and one in 2008.
16 KCP&L withdrew its application for one of its proposed energy efficiency programs and
17 one was denied by the Commission.

18 **Q: Have these programs been successful?**

19 A: Yes, for the most part, the programs have been successful. KCP&L saw significant
20 success with its demand response programs, securing 45.2 MW of curtailable load since
21 the start of the programs from its Kansas customers. Our energy efficiency programs
22 have also realized significant success with several energy efficiency programs exceeding
23 the planned energy savings goals by 100 percent to 200 percent. We currently estimate

1 that these energy efficiency programs have saved approximately 51,285 cumulative
2 MWh in Kansas. One of our affordability programs has had moderate success (Low
3 Income Weatherization) while the other has not realized any participation in Kansas
4 (Affordable New Homes). KCP&L estimates that 227 cumulative MWh have been saved
5 as a result of the Low Income Weatherization program in Kansas. Overall, customer
6 response to KCP&L's portfolio of DSM programs has been very positive. Company
7 witness Allen Dennis covers the progress of these programs in more detail in his
8 testimony.

9 DSM PROGRAM PORTFOLIO PLAN

10 **Q: Please discuss the proposed DSM program portfolio and how the programs fit into**
11 **the Company's overall resource plan.**

12 A: KCP&L's proposed DSM program portfolio is an integral part of its plan to meet the
13 electricity needs of its customers now and in the future. The proposed energy and
14 demand reductions that are the subject of this proceeding will be reflected in KCP&L's
15 load and resource requirements. These programs can serve as an additional bridging
16 resource at a lower cost than alternative resources. KCP&L's existing and expanded
17 energy efficiency and peak demand reduction efforts are consistent with its focus to meet
18 its customers' needs in a balanced, cost-effective and environmentally responsible
19 manner.

20 **Q: What are the projected demand and energy savings from the proposed DSM**
21 **program portfolio?**

22 A: KCP&L anticipates an estimated five-year average of 52 MW of peak demand reduction
23 and 58,312 MWh of energy savings per year from its Kansas customers from this

1 portfolio of DSM programs. This commitment represents a higher level of annual energy
2 savings than KCP&L committed as part of the pilot DSM programs in the 1025 S&A,
3 which averaged 51.9 MW of peak load reduction and 18,749 MWh of energy savings per
4 year.

5 Between the years 2011 and 2015, KCP&L expects to achieve an estimated
6 cumulative level of 71.7 MW of peak demand reduction and 99,961 MWh of energy
7 savings from its Kansas customers. Overall, KCP&L projects the cost of its proposed
8 DSM program portfolio will be approximately ** [REDACTED] ** over the five-year
9 period.

10 **Q: Please discuss the customer programs included in KCP&L's proposed DSM**
11 **portfolio.**

12 A: The proposed DSM portfolio consists of the following programs:

13 Affordability programs:

- 14 ▪ Low Income Weatherization

15 Educational programs:

- 16 ▪ Energy Analyzer – Home and Business
- 17 ▪ Building Operator Certification

18 Energy efficiency programs:

- 19 ▪ Cool Homes
- 20 ▪ Energy Star New Homes
- 21 ▪ C&I Rebates – Custom, Prescriptive, and RFP programs
- 22 ▪ Energy Saver Loan Program, partnered with Efficiency Kansas

1 Demand response programs:

2 ▪ Energy Optimizer

3 ▪ MPower

4 Consumer Market Research program

5 KCP&L witness Allen Dennis discusses details of each of the proposed programs in his
6 testimony. Supporting information for each program consistent with Appendix A to the
7 Commission's Final Order in the 441 Docket is attached to Mr. Dennis' testimony.
8 Specific tariffs for each program, as applicable, are attached to KCP&L witness Curtis
9 Blanc's testimony.

10 **Q: Will this filing terminate any existing DSM programs?**

11 A: Yes. No participation has occurred in the Affordable New Homes program since its
12 implementation in Kansas in July 2007. After two years of promoting this program and
13 looking for ways to make it more successful, KCP&L recommends that this program be
14 discontinued. Additionally, KCP&L's appetite to promote these programs is highly
15 correlated to the cost recovery and incentive mechanism highlighted in this filing. Lack
16 of approval of this filing could impact future availability of these programs.

17 **Q: Does KCP&L have plans to more aggressively promote DSM programs in the
18 future?**

19 A: KCP&L continues to pursue the development of cost-effective DSM programs and will
20 use this filing as a platform to bring new programs to the Commission for consideration
21 in the future. KCP&L is considering continuing to spend a significant amount of
22 resources in pursuing the goal of DSM, but that decision rests fundamentally upon the
23 Company's ability to recover its costs, including the potential that its investment of

1 shareholder capital in this area could have some positive impact on the Company's
2 earnings. In other words, KCP&L plans to aggressively promote DSM if the right
3 enablers are in place.

4 **COST RECOVERY AND INCENTIVE MECHANISM**

5 **Q: Please briefly describe how the current EE Rider provides cost recovery.**

6 A: The Company currently recovers DSM costs through an EE Rider as previously discussed
7 in my testimony. The EE Rider allows recovery of costs associated with this portfolio of
8 programs, including associated labor, rebates and marketing costs on an 18-month lag
9 basis. That is, costs incurred by the Company in a calendar year, for example 2008, are
10 recovered over a 12-month period beginning July 1 of the following year. Therefore, in
11 this example, the Company will not fully recover the costs it incurred during 2008 until
12 June 30, 2010. The EE Rider does not provide for any interest or carrying charges to be
13 recovered on these costs. It also does not include any return on the DSM investment, any
14 incentive for performance, or any consideration for lost revenue resulting from the DSM
15 programs.

16 **Q: Please expand upon the basis for KCP&L's recommendation for a new DSM Rider?**

17 A: KCP&L willingly stepped forward to pursue DSM programs as part of its 1025 S&A
18 commitment. KCP&L did so without a legislative mandate, believing that the Company
19 would be allowed to recover appropriate costs and other program impacts. And KCP&L
20 actively participated in, and patiently waited for the conclusion of, the 247, 441 and 442
21 Dockets to determine how the effects of these programs would ultimately be addressed
22 by the Commission. As a result of the Commission Order in the 441 Docket, KCP&L is
23 now pursuing a new DSM Rider based upon the parameters set out in that Order.

1 **Q: How does KCP&L's proposed DSM Rider differ from its existing EE Rider?**

2 A: KCP&L is proposing the following differences within its new DSM Rider:

- 3 ▪ Allow the recovery of all prudently incurred program costs in a timely manner,
4 *i.e.*, with minimal lag, while minimizing the risk that KCP&L will over-recover
5 program costs;
- 6 ▪ Provide a financial incentive that rewards the utility based on a sharing between
7 KCP&L and its customers of the net economic benefits generated by DSM
8 programs.

9 The proposed cost recovery mechanism and financial incentive would allow KCP&L to
10 increase its commitment to DSM and have an earnings impact similar to those of supply-
11 side investments.

12 **Q: Why is KCP&L proposing an incentive mechanism?**

13 A: The existing regulatory framework in Kansas does not foster expanded conservation and
14 energy efficiency programs. The current framework of utility regulation ties KCP&L's
15 profitability to increasing sales. In contrast, the basic premise of DSM programs is to
16 reduce sales and system demand, which is in direct opposition to the financial interests of
17 KCP&L's shareholders.

18 While not directly changing our underlying reliance on the regulatory structure
19 that applies to electric operations, KCP&L's proposal in this proceeding creates a
20 progressive incentive structure and cost recovery mechanism that is designed, at a high
21 level, to improve the state's economic climate, improve the environment, create direct
22 savings for our customers, and create economic benefits for our shareholders by
23 undertaking programs that reduce our levels of sales.

1 **Q: What are the specific components of the shared net benefits mechanism that**
2 **KCP&L is proposing?**

3 A: The new DSM Rider including the shared net benefits mechanism is explained in more
4 detail in the testimony of KCP&L witness Mr. Chris Giles.

5 **BENEFIT-COST ANALYSIS**

6 **Q: How will KCP&L determine that its DSM initiatives are cost-effective?**

7 A: Cost-effectiveness modeling is the manner in which the benefits and costs of DSM
8 programs are assessed. The general purpose of the modeling is to determine whether,
9 relative to supply-side resources, DSM programs are worthwhile investments from the
10 perspectives of program participants, non-participants and the utility. KCP&L gauges
11 cost-effectiveness results in the form of benefit-cost ratios, with ratios greater than one
12 passing the cost-effectiveness test. It is also possible to present results in terms of the net
13 present value of the stream of avoided costs, minus the program costs, referred to as “net
14 benefits.”

15 **Q: Please explain the benefit-cost tests KCP&L will use to analyze the DSM initiatives**
16 **comprising the proposed filing.**

17 A: In compliance with the Commission’s Order in the 442 Docket, KCP&L will use
18 Participant, Ratepayer Impact Measure (“RIM”), Utility and Total Resource Cost
19 (“TRC”) tests with each DSM program. Emphasis will be placed on the TRC test with
20 the other tests used in a supporting role. KCP&L witness Joe O’Donnell discusses cost-
21 effectiveness modeling and methodology. His testimony covers the underlying
22 assumptions of KCP&L’s modeling. Results of the benefit-cost modeling for the

1 proposed suite of programs are included in the Appendix A information attached to the
2 testimony of KCP&L witness Allen Dennis.

3 **EVALUATION, MEASUREMENT & VERIFICATION**

4 **Q: What are KCP&L's plans for evaluation, measurement and verification ("EM&V")**
5 **of the proposed DSM programs?**

6 A: The 1025 S&A provided for EM&V of KCP&L's current suite of programs. KCP&L has
7 conducted EM&V on seven of its programs to date and has provided and discussed those
8 results with Staff and CURB. KCP&L is also a party to and actively participating in
9 Docket No. 10-GIMX-013-GIV regarding the development of a request for proposals for
10 third-party EM&V services. Company witness Mr. Dennis discusses details of DSM
11 program EM&V in his testimony and the studies performed on KCP&L's existing
12 programs are included in Schedules ADD-14 through ADD-21 attached to his testimony.

13 **Q: Are there any other KCC dockets that could affect the proposed filing?**

14 A: Yes. The Commission initiated an investigation into incentives for fuel switching on
15 September 29, 2008. KCP&L has been an active participant in the established docket,
16 Docket No. 08-GIMX-160-GIV ("160 Docket"). Discovery has been complete in the
17 160 Docket for approximately a year; however, the Commission has not yet issued a
18 ruling. In its Final Order in the 441 Docket, the Commission advised that costs would be
19 reviewed for consistency with the policy arising from the 160 Docket.

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

21 A: Yes.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Kansas)
City Power & Light Company for Approval)
To Implement a Portfolio of Demand Side)
Management Programs Including)
Affordability, Energy Efficiency, Demand)
Response and Educational Programs, and to)
Implement a Rider for Recovery of Program)
Costs and Incentives Associated with this)
Portfolio)

Docket No. 10-KCPE-____-TAR

AFFIDAVIT OF KEVIN E. BRYANT

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kevin E. Bryant, being first duly sworn on his oath states:

1. My name is Kevin E. Bryant. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President, Energy Solutions.

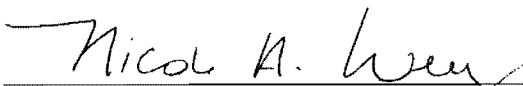
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of thirteen (13) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



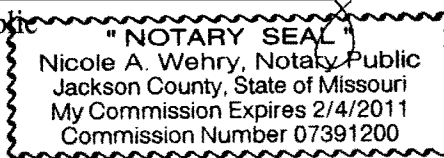
Kevin E. Bryant

Subscribed and sworn before me this 11th day of June, 2010.



Notary Public

My commission expires: Feb. 4, 2011



CONFIDENTIAL INFORMATION

(Located in Docket Room)

In the Matter of the Application of Kansas City Power & Light Company for Approval to Implement a Portfolio of Demand Side Management Programs Including Affordability, Energy Efficiency, Demand Response and Educational Programs, and to Implement a Rider for Recovery of Program Costs and Incentives Associated with this Portfolio.

10-KCPE-795-TAR

Application Continued, Confidential Direct Testimony of Kevin E. Bryant on Behalf of Kansas City Power & Light Company.

File Date:

JUNE 11, 2010