

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas)
Gas and Electric Company for Approval)
Of the Amendment to the Energy Supply)
Agreement between Kansas Gas and) Docket No. 18-KG&E-303-CON
Electric Company and Occidental)
Chemical Corporation)

DIRECT TESTIMONY OF
STACEY HARDEN
ON BEHALF OF
CITIZENS' UTILITY RATEPAYER BOARD

AUGUST 15, 2018

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1 **I. STATEMENT OF QUALIFICATIONS**

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

3 A. My name is Stacey Harden. My business address is 1500 SW Arrowhead Road, Topeka,
4 Kansas 66604.

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

7 A. I am employed by the Citizens' Utility Ratepayer Board ("CURB") as a Senior
8 Regulatory Analyst.

9
10 **Q. Please describe your educational background.**

11 A. I earned a Bachelor of Business Administration degree from Baker University in 2001. I
12 earned a Master of Business Administration degree from Baker University in 2004.

13
14 **Q. Please summarize your professional experience in the utility industry.**

15 A. I served as a Regulatory Analyst for the Citizens' Utility Ratepayer Board from February
16 2008 until March 2016. I rejoined CURB in September 2017 as a Senior Regulatory
17 Analyst.

18
19 **Q. Have you previously testified before the Commission?**

20 A. Yes. I have previously offered testimony in twenty-nine proceedings before the Kansas
21 Corporation Commission ("Commission"). A list of these dockets is available upon
22 request.

23

1 **II. PURPOSE OF TESTIMONY**

2 **Q.** On January 16, 2018, Kansas Gas and Electric Company, d/b/a Westar Energy (Westar)
3 and Occidental Chemical Corporation (Occidental) filed a Joint Application
4 (Application) for an order approving an Energy Supply Agreement (ESA) between
5 Westar and Occidental. The Commission originally approved a five-year ESA between
6 Westar and Occidental in Docket No. 13-KG&E-451-CON (451 Docket). In Docket No.
7 17-KG&E-352-CON (352 Docket) the ESA was amended to address Occidental's claims
8 that the electricity costs at its Wichita plant placed the plant at a cost disadvantage when
9 compared to Occidental's plants at other locations. The proposed five-year agreement
10 included in this Application is not substantially different than the agreement originally
11 approved in the 451 Docket and amended in the 352 Docket.

12 The proposed ESA includes conditions regarding Occidental's participation in
13 Westar's Energy Efficiency Demand Response Rider program (EEDR). Westar's EEDR
14 is a demand-response (DR) program that was originally approved in Docket No. 10-
15 WSEE-141-TAR (141 Docket). Participants in Westar's EEDR program are obligated to
16 reduce load to an agreed upon minimum firm load requirement during curtailment events
17 initiated at the discretion of Westar. In exchange for its participation in the EEDR
18 program, participants receive a monthly capacity incentive credit of \$4.00 per kW of
19 Demand Response Load. Additionally, in the event a curtailment event is called by
20 Westar, participants receive an event payment of at least \$75.00 per MWh for each MWh
21 or portion thereof provided during the curtailment event. Westar recovers the costs (costs
22 are the monthly capacity credit and any events payments) associated with the EEDR
23 through its Energy Efficiency Rider (EER). In my testimony, I will evaluate Westar's

1 EEDR program and will provide recommendations to the Commission about the
2 inclusion of the EEDR in the proposed ESA.

3
4 **III. SUMMARY OF RECOMMENDATIONS**

5 **Q. Please summarize your recommendations.**

6 A. I recommend the Commission deny the inclusion of the EEDR in the proposed ESA
7 because the EEDR cannot pass any of the Commission-prescribed benefit-costs tests that
8 are required for energy-efficiency programs. However, if the Commission determines that
9 the value of the EEDR – approximately \$4 million per year – is a necessary component in
10 the proposed ESA, the Commission should approve the rates proposed in the ESA,
11 without approving Westar’s EEDR program. Further, Westar should be permitted to defer
12 the revenues lost as a result of the special contract rate reduction – including the value of
13 the EEDR – as a regulatory asset, and should be permitted to seek recovery of the amount
14 deferred to its regulatory asset its next general rate case.

15
16 **IV. DISCUSSION OF THE ISSUES**

17 **A. Commission Policy For Energy-Efficiency Programs**

18 **Q. Please provide a background in how the Commission’s energy-efficiency policies
19 were established.**

20 A. In November 2007, the Commission opened two general investigation dockets, 08-
21 GIMX-441-GIV (441 Docket) and 08-GIMX-442-GIV (442 Docket) to investigate cost
22 recovery methods, to develop rules and policies and to create a regulatory framework for
23 utility-sponsored energy-efficiency. In 2008 and 2009, the Commission issued orders in

1 the 441 Docket and 442 Docket, establishing a general policy framework for review and
2 evaluation of energy-efficiency programs on a uniform and consistent basis.

3 In its June 2, 2008 Order in the 442 Docket, the Commission stated that it views
4 energy-efficiency as an additional resource that may be utilized in meeting the state's
5 energy needs. As a resource, the Commission determined that "energy efficiency needs to
6 produce cost-effective, firm energy savings. Energy-efficiency programs should be used
7 to achieve both energy and demand reductions."¹

8 In November 2011, the Commission opened another general investigation docket,
9 12-GIMX-337-GIV (337 Docket) in order to clarify the Commission's orders in the 441
10 and 442 Dockets. In its March 2013 Order in the 337 Docket, the Commission
11 determined that the underlying principles in the 441 Docket and 442 Docket are
12 consistent. The Commission policies and guidelines established in the 441 Docket and
13 442 Docket, as well as clarification provided in the 337 Docket continued to serve as the
14 guidelines for utility-sponsored energy-efficiency programs prior to the passage of the
15 Kansas Energy Efficiency Investment Act, which became law in 2014.

16
17 **Q. Are demand-response (DR) programs considered energy-efficiency programs?**

18 A. Yes. In its April 13, 2009 Order in the 441 Docket, the Commission adopted the
19 following definition of energy-efficiency: "Energy Efficiency refers to using less energy
20 to provide the same or improved level of service to the energy consumer in an
21 economically efficient way. The term energy efficiency as used here includes using less

¹ June 2, 2008, Order Setting, 08-GIMX-442-GIV, at ¶26.

1 energy at any time, including at times of peak demand through demand response and
2 peak shaving efforts.”²

3 Additionally, in its Order in the 441 Docket, the Commission stated that it
4 “believes DR programs can produce results by shaving demand peaks which reduces the
5 need for peaking capacity and therefore helps keep energy costs down. The Commission
6 favors implementation of DR programs as a means of mitigating the need for expensive
7 new power generation.”³

8
9 **Q. Please describe the Commission’s policy that energy-efficiency programs need to
10 produce cost-effective, firm energy savings.**

11 A. In its June 2, 2008 Order in the 442 Docket, the Commission stated that it views energy
12 efficiency as an additional resource that may be utilized in meeting the state’s energy
13 needs. As a resource, the Commission determined that “energy efficiency needs to
14 produce cost-effective, firm energy savings. Energy-efficiency programs should be used
15 to achieve both energy and demand reductions.”⁴

16
17 **Q. How does the Commission determine whether a proposed energy-efficiency
18 program will produce cost-effective, firm energy savings?**

19 A. The Commission’s Order in the 442 Docket places emphasis on the total resource cost
20 test (TRC) to evaluate whether proposed energy-efficiency programs produce cost-
21 effective, firm energy savings.

22

² April 13, 2009, Order Following Collaborative, 08-GIMX-442-GIV, at ¶ 201.

³ November 14, 2008, Final Order, 08-GIMX-441-GIV, at ¶ 10.

⁴ June 2, 2008, Order Setting, 08-GIMX-442-GIV, at ¶26.

1 **Q. How does TRC test assist the Commission in determining whether energy-efficiency**
2 **programs will provide cost-effective, firm energy savings?**

3 A. The TRC test supports the Commission’s policy that an energy-efficiency program must
4 produce cost-effective, firm energy savings. The TRC test is designed to measure the
5 cost-effectiveness of a program to the utility as a whole and indicates whether a program
6 is beneficial to the utility and to all of the utility’s customers – whether or not a customer
7 participates in the offered energy-efficiency program.

8 In addition to the Commission’s policy that an energy-efficiency program produce
9 cost-effective, firm energy savings, the Commission also determined that reducing or
10 postponing future construction of electric generation is a primary goal which may have
11 benefits for all of a utility's customers. An energy-efficiency program with a TRC test
12 score greater than 1.0 reflects the benefit to implementing an energy-efficiency program
13 throughout a utility's territory. In other words, if an energy-efficiency program can
14 produce a TRC score greater than 1.0, it means each dollar spent on the energy-efficiency
15 program allows the utility to avoid more than one dollar in future construction
16 expenditures.

17
18 **Q. Did the Commission indicate how it would regard energy-efficiency programs that**
19 **do not achieve a TRC score greater than 1.0?**

20 A. Yes. The Commission stated that it is “unlikely a program that fails the TRC test will be
21 approved by the Commission.”⁵

22

23

⁵ April 13, 2009, Order Following Collaborative, 08-GIMX-442-GIV, at ¶ 25.

1 **Q. Why is it important that energy-efficiency programs be used as a resource to**
2 **moderate bill increases that are likely to be caused as utilities build new generation,**
3 **implement environmental requirements, and invest in additional assets?**

4 A. Utilities have several resources available to them for meeting future energy needs.
5 Additionally, the mitigation of customer bill increases is a primary goal of energy-
6 efficiency. As such, the Commission determined that utilities can use “energy efficiency
7 programs as a resource that can moderate the inevitable bill increases caused by the
8 building of new generation, implement environmental requirements and invest in
9 additional transmission investment.”⁶

10

11 **Q. Which benefit-cost test supports the Commission’s policy that an energy-efficiency**
12 **program should moderate bill increases that are likely to be caused as utilities build**
13 **new generation, implement environmental requirements, and invest in additional**
14 **assets?**

15 A. The ratepayer impact method (“RIM”) test supports the Commission’s policy to mitigate
16 customer bill increases as a primary goal of energy-efficiency programs. In general, a
17 program with a RIM test score below 1.0 will put upward pressure on rates, while a
18 program that can achieve a RIM test score greater than 1.0 will either have no impact or
19 will put downward pressure on rates.

20

21

22

23

⁶ June 2, 2008, Order Setting, 08-GIMX-442-GIV, at ¶25.

1 **Q. Do the Commission’s policies place emphasis on the RIM test?**

2 A. Yes. The Commission emphasized that the use of the “RIM and TRC tests is appropriate
3 in light of Kansas realities and Commission goals.”⁷ The Commission stated that an
4 energy-efficiency program that scores less than 1.0 on the RIM test “may still be
5 considered by the Commission for approval, depending on the degree of RIM test failure,
6 (and) its performance on the other tests ...”⁸

7

8 **B. Westar’s Energy Efficiency Demand Response Rider Program**

9 **Q. Please describe Westar’s EEDR Program.**

10 A. Westar’s EEDR is a demand-response program that was originally approved in the 141
11 Docket. Participants in Westar’s EEDR program are obligated to reduce load to an
12 agreed-upon minimum firm load requirement during curtailment events initiated at the
13 discretion of Westar. In exchange for its participation in the EEDR program, participants
14 receive a monthly capacity incentive credit of \$4.00 per kW of Demand Response Load.
15 Additionally, in the event a curtailment event is called by Westar, participants receive an
16 event payment of at least \$75.00 per MWh for each MWh or portion thereof provided
17 during the curtailment event.

18

19 **Q. Since the EEDR was approved by the Commission as an energy-efficiency program
20 in 2009, how many Westar customers have participated in the EEDR program?**

21 A. Since the EEDR program was approved in late 2009, Westar has only had one participant
22 in the program: Occidental.

⁷ June 2, 2008, Order Setting, 08-GIMX-442-GIV, at ¶ 39, 40.

⁸ April 13, 2009, Order Following Collaborative, 08-GIMX-442-GIV, at ¶23.

1 **Q. Was Westar’s EEDR program designed specifically for Occidental?**

2 A. Yes. According to Staff’s report in the 141 Docket, the EEDR was “primarily designed as
3 a means to address [Occidental’s] concerns for low cost electricity to keep its Wichita
4 facility competitive, while providing Westar the additional ability to curtail
5 [Occidental’s] demand in responding to emergency system conditions.”⁹

6

7 **Q. In dollars, how much has Occidental received as a result of its participation in the
8 EEDR?**

9 A. From 2010 through June 2018, Oxy received \$33,496,224 as a result of its participation
10 in the EEDR.¹⁰

11

12 **Q. How many times has Westar used the EEDR to curtail Occidental?**

13 A. Seven times. Westar first called on Occidental to curtail its usage through the EEDR on
14 July 6, 2010. From 2010-2012 Westar called on Occidental to curtail its load seven times.

15

16 **Q. Is Westar currently utilizing the EEDR in order to meet system needs?**

17 A. No. In fact, the last curtailment event was July 26, 2012.¹¹

18

19 **Q. Can you identify a recent system event during which Westar potentially could have
20 utilized the EEDR to curtail Occidental?**

21 A. Yes. For a period of 21 days in June 2018, all three generating units at Westar’s Jeffrey
22 Energy Center were shut down due to a fatality accident. During the 21 days that Jeffrey

⁹ November 3, 2009, Staff Memorandum, 10-WSEE-141-TAR, at page 3.

¹⁰ Westar’s response to CURB Data Request No. 8.

¹¹ Westar response to CURB Data Request No. 6.

1 Energy Center was offline, the average high temperature in Topeka was 90.3 degrees,
2 with the air temperature reaching 90 degrees or more on 13 of the 21 days. Similarly, in
3 Wichita the average high temperature from June 4 – June 23 was 91.65 degrees, with the
4 air temperature reaching 90 degrees or more on 14 of the 21 days the Jeffrey Energy
5 Center was offline.¹² However, despite Westar’s largest generating unit being offline
6 during a significant heat wave, Westar did not have the need to call on Occidental’s
7 curtailable load in order to meet its demand.

8
9 **Q. How did Westar meet its system demands without using the EEDR program?**

10 A. According to a statement made by Westar’s spokesperson, Westar customers would not
11 be impacted by the outage at the Jeffrey Energy Center because “available capacity at our
12 other energy centers and through the Southwest Power Pool will be used to meet
13 customer needs.”¹³

14
15 **Q. Based on Westar’s under-utilization of its EEDR program, is it reasonable to**
16 **presume that Westar will utilize the EEDR to curtail Occidental in the foreseeable**
17 **future?**

18 A. In my opinion, no. Westar has not utilized the EEDR to curtail Occidental since 2012. In
19 2014, the Southwest Power Pool (SPP) launched its Integrated Marketplace. Through its
20 participation in the SPP, Westar can buy and sell electricity in both a day-ahead and real-
21 time market. Meaning that when system emergencies occur, Westar no longer requires a
22 substantial curtailable load, as the SPP economically dispatches generation to ensure

¹² National Oceanic & Atmospheric Administration data provided in Appendix SMH-1.

¹³ <http://www.cjonline.com/news/20180604/westar-shuts-down-jeffrey-energy-center-its-largest-plant-as-it-investigates-deaths-of-2-employees>

1 system reliability. Because of the SPP's Integrated Marketplace, coupled with Westar's
2 excess capacity, Westar's EEDR program is no longer necessary to provide Westar the
3 additional ability to curtail Occidental's demand in responding to emergency system
4 conditions.

5
6 **Q. Since its initial approval in 2009, has the EEDR program been reviewed by the**
7 **Commission?**

8 A. Yes. In Docket No. 15-WSEE-532-MIS (532 Docket), Westar sought Commission
9 approval of interim budgets for its energy efficiency programs, including the EEDR. In
10 its April 26, 2016 Order, the Commission granted interim approval of Westar's proposed
11 EEDR program budget- but made final approval of the budgets contingent upon the
12 results of Staff's review of the program's Evaluation, Measurement and Verification
13 (EM&V).

14
15 **Q. What were the results of Staff's review of the EEDR EM&V?**

16 A. On July 19, 2017, Staff filed a Report and Recommendation that included its review of
17 the EM&V of Westar's EEDR. In its Report, Staff stated that it "has several concerns
18 with the EEDR Program. First, the program has not been called since 2012. From June
19 2013-June 2016, Westar paid \$10.7 million for a program that has not been used. Staff
20 doubts the insurance value of the EEDR Program is equivalent to \$10.7 million. Second,
21 the EEDR Program cannot be used as spinning reserves because 'between the current

1 physical communications and contractual limits it is impractical to participate in the SPP
2 Integrated Market as spinning reserve product.”¹⁴

3 On September 14, 2017, the Commission adopted Staff’s Report and
4 Recommendation. In its Order, the Commission stated that it “has concerns regarding the
5 appropriateness of continuing a program that cost \$10.7 million between June 2013 and
6 June 2016 but was not used during the same time period.”¹⁵ However, because the EEDR
7 was a part of the existing Occidental’s special contract with Westar, the Commission
8 granted interim approval of the EEDR program budget through the duration of the special
9 contract that was set to expire in 2018. Additionally, the Commission ordered “when the
10 Occidental Chemical special contract is renegotiated in 2018, Westar should file EM&V
11 along with its Application in the special contract docket and Staff will reevaluate the
12 EEDR Program at that time.”

13
14 **Q. Did Westar provide an EM&V of the EEDR program in this proceeding?**

15 A. Yes. Westar witness John Wolfram provides testimony supporting the EM&V of
16 Westar’s EEDR program.

17
18 **Q. Does the Application seek re-approval of the EEDR?**

19 A. Indirectly, the Application does seek re-approval of the EEDR. The ESA includes
20 conditions regarding Occidental’s participation in the EEDR, but the Application does
21 not specifically request Commission approval of the EEDR.

22

¹⁴ July 19, 2017, Staff Report and Recommendation, 15-WSEE-532-MIS, at page13.

¹⁵ September 14, 2017, Order Adopting, 15-WSEE-532-MIS, at ¶ 13.

1 **Q. How is the EEDR included in the ESA?**

2 A. Article 4.7(A) of the ESA states that Occidental “agrees to continue to be served on the
3 EEDR tariff for a term equal to the ESA and agrees to enroll and participate in the EEDR
4 for a term equal to the ESA.” Article 4.7(B) states that the “EEDR incentive credit is
5 incorporated as part of the rates stated in Article 5 of this Agreement.”¹⁶

6

7 **C. Cost-effectiveness of EEDR**

8 **Q. Based on the EM&V provided in the Application, what are the results of the EEDR
9 Program’s TRC and RIM tests?**

10 A. According to the EM&V analysis supported in the direct testimony of Westar witness Mr.
11 John Wolfram, the EEDR program has a benefit-cost ratio that exceeds 1.0 in each of the
12 required tests. Specifically, Mr. Wolfram’s EM&V reports the EEDR achieves a TRC
13 score of 2.00 and a RIM score of 1.17.

14

15 **Q. Do you agree with the benefit-cost test results provided in Westar’s EM&V?**

16 A. No, I do not. It is my opinion that Westar’s benefit-cost tests results are inflated due to
17 Westar’s use of inflated avoided capacity costs.

18

19 **Q. What value did Westar assign to avoided capacity in its benefit-cost tests?**

20 A. Westar used \$58 per kW as the value for its avoided capacity in its benefit-cost tests.
21 The avoided capacity cost in benefit-cost tests places a value on the construction of new
22 generation that will be avoided as a result of demand and energy savings achieved from
23 the successful implementation of an energy-efficiency program.

¹⁶ Energy Supply Agreement included with Application, at page 9.

1 **Q. Has Westar provided any evidence that the EEDR will allow Westar to either delay**
2 **or forgo the construction of additional generation?**

3 A. No. it has not.
4

5 **Q. Does Westar need energy-efficiency programs to delay or forgo the construction of**
6 **additional generation?**

7 A. No. In fact, Westar already has a significant amount of excess capacity available to meet
8 its customers' demand. As a member of the SPP, Westar is required to maintain a
9 Planning Reserve Margin target set at 12% above Westar's forecasted net peak demand.
10 According to the Southwest Power Pool's 2017 Resource Adequacy Report, Westar's
11 forecasted net peak demand in 2018 was 4,971 MW, which would require Westar to meet
12 a Planning Reserve Margin target of 5,567 MW. Westar's firm capacity in 2018 is 6,169
13 MW meaning that Westar is achieving a Planning Reserve Margin of 24.1%, which far
14 exceeds the 12% required by SPP. Because Westar exceeds its SPP Planning Reserve
15 Margins by 602 MW, it is reasonably certain that Westar has adequate resources to meet
16 its forecasted net peak demand for the five-year term of the proposed ESA and likely for
17 the foreseeable future.¹⁷
18

19 **Q. If Westar's EEDR does not delay or avoid the cost of new generation, what is the**
20 **appropriate avoided capacity cost that should be used in Westar's benefit-cost tests?**

21 A. If Westar's EEDR program does not avoid or delay the construction of new generation,
22 then the continuation of energy-efficiency programs like the EEDR will not avoid any
23 future cost. Therefore, the appropriate value for avoided generation is \$0 per kW.

¹⁷ A copy of the SPP data for Westar is included in my Appendix SMH-2

1 **Q. If Westar’s avoided capacity cost is \$0 per kW, does the EEDR program pass either**
2 **TRC or RIM?**

3 A. No. Benefit-cost tests are sensitive to changes in the avoided capacity cost. Using the
4 model provided by Westar in response to Staff Data Request No. 2, if Westar’s avoided
5 capacity cost is correctly valued at \$0 per kW, the EEDR fails TRC and RIM. In fact, the
6 only benefit-cost test that the EEDR passes when using an avoided capacity cost of \$0
7 per kW is the Participant Test, which is a measure of the quantifiable benefits and costs
8 to the customer due to participation in the program. This means that the only customer
9 receiving a quantifiable benefit from the EEDR program is Occidental.

Test	B/C Ratio
Participant	1.71
RIM	0.01
TRC	0.01
PAC	0.01

10

11 **Q. Do you recommend the Commission approve any energy-efficiency program that**
12 **fails both TRC and RIM?**

13 A. No. An energy-efficiency program that fails both TRC and RIM will result in an increase
14 in customer’s bills while providing no system-wide benefits. Because Westar’s EEDR
15 fails both TRC and RIM, I recommend the Commission deny the inclusion of the EEDR
16 in the proposed ESA.

17

18

19

20

1 **D. Filing Requirements and Procedures for Special Contracts**

2 **Q. Please describe the Commission’s filing requirements and procedures for the review**
3 **and treatments of special contracts.**

4 A. In Docket No. 01-GIME-813-GIE (813 Docket), the Commission established the filing
5 requirements and procedures for the review and treatment of special contracts. In its
6 Order in the 813 Docket, the Commission determined that “(i)n order to be approved, the
7 utility must show that the special contract provides a cost benefit to the remaining core
8 customers.”¹⁸ Additionally, the Order in the 813 Docket requires the utility to provide the
9 following information when requesting Commission approval of a special contract:

- 10 1. A narrative explaining why the special contract is necessary and why the
11 price and other terms are just and reasonable;
- 12 2. Specific information on the customer’s operations and needs;
- 13 3. Information on the effect of the contract on the utility’s system over the
14 term of the contract;
- 15 4. A detailed cost analysis of the proposed special contract; and
- 16 5. A statement of the benefits from the special contract to the utility and its
17 other customers. Costs to provide the contract separated at a minimum into
18 generation, transmission, and distribution components.
- 19
20
21
22

¹⁸ October 3, 2001, Order Regarding, 01-GIME-813-GIE, at page 2.

1 **Q. If the EEDR was designed by Westar specifically for Occidental, and is included in**
2 **the proposed special contract, should the EEDR be evaluated based on the**
3 **Commission's requirements for special contracts established in the 813 Docket?**

4 A. No. In my opinion energy-efficiency programs should not be evaluated and approved
5 under the requirements of the 813 Docket. While the Commission's Order in the 813
6 Docket includes language addressing certain costs and benefits of special contracts, as I
7 have previously discussed, the requirements to approve an energy-efficiency program
8 include defined benefit-cost tests that are not addressed in the 813 Docket.

9 Further, while Westar may have designed the EEDR to mitigate Occidental's
10 concerns about low cost electricity, the Commission did not approve the EEDR as a
11 special contract as defined in the 813 Docket. Rather, the Commission approved the
12 EEDR based on the energy-efficiency benefits reported in Westar's application in the 141
13 Docket. Therefore, while the Application incorporates the EEDR into the special
14 contract, it is my opinion that the EEDR should be evaluated based upon the
15 Commission's policies for energy-efficiency programs established in the 441 Docket and
16 442 Docket as opposed to the requirements included in the 813 Order.

17
18 **Q. Excluding the EEDR, have you performed an economic analysis to determine**
19 **whether the proposed ESA complies with the Commission's 813 Order?**

20 A. No, I have not. My review in this proceeding is limited to the inclusion of the EEDR in
21 the proposed ESA.

22

1 **Q. Are you recommending the Commission deny the inclusion of the EEDR in the**
2 **proposed ESA?**

3 A. Yes I am. As reported earlier in my testimony, the EEDR does not meet the
4 Commission's established guidelines for energy-efficiency programs. As a result, I am
5 recommending the Commission deny the inclusion of the EEDR in the proposed ESA.
6

7 **Q. If the Commission approves your recommendation, what is the impact on the**
8 **proposed ESA?**

9 A. The EEDR provides Occidental with approximately \$4 million of annual capacity credits.
10 The value of these capacity credits are incorporated into the rates stated in the proposed
11 ESA. Therefore, if the Commission were to approve my recommendation, the rates in the
12 ESA would need to be re-calculated in order to extract and exclude the value of the
13 capacity credits associated with the EEDR.
14

15 **Q. Can the Commission approve the rates presented in the ESA without approving**
16 **Westar's EEDR?**

17 A. Yes, it can. The \$4 million of annual capacity credits currently provided to Occidental
18 have been incorporated into the rates proposed in the ESA. Therefore, if the Commission
19 were to determine that based upon evidence provided by Occidental and other parties that
20 the \$4 million annual value the EEDR currently provides to Occidental should remain
21 part of the ESA rate structure, the Commission could approve the rates proposed in the
22 ESA, without approving the EEDR.
23

1 **Q. Currently, how does Westar collect the costs of the EEDR – capacity credits and**
2 **event payments to Occidental – from ratepayers?**

3 A. Westar currently recovers the costs of the EEDR program (costs are the monthly capacity
4 credit and any events payments) through its Energy Efficiency Rider (EER).

5
6 **Q. If the Commission adopts your recommendation and approves the rates presented**
7 **in the ESA while eliminating the EEDR, how should Westar recover its costs?**

8 A. If the Commission adopts my recommendation and approves the rates in the ESA while
9 eliminating the EEDR, the value the EEDR provides to Occidental should be recovered
10 consistent with Westar’s recovery of lost revenue that was approved by the Commission
11 in the 352 Docket. In the 352 Docket, Westar was permitted to defer the revenues lost as
12 a result of the special contract rate reduction, as a regulatory asset. In Westar’s most
13 recent rate case, Docket No. 18-WSEE-328-RTS, Westar requested recovery of the
14 amount deferred in this regulatory asset from all customers. If the Commission adopts my
15 recommendations, it should be noted that the accounting authority approved in the 352
16 Docket does not amount to pre-approval of cost-recovery; it simply allows for the
17 tracking and potential recovery of lost revenue that occurs outside a rate case test year.

18

19 **V. Recommendation**

20 **Q. What is your recommendation?**

21 A. I recommend the Commission deny the inclusion of the EEDR in the proposed ESA
22 because the EEDR cannot pass any of the Commission-prescribed benefit-costs tests that
23 are required for energy-efficiency programs. However, if the Commission determines that

1 the value of the EEDR – approximately \$4 million per year – is a necessary component in
2 the proposed ESA, the Commission should approve the rates proposed in the ESA,
3 without approving Westar’s EEDR program. Further, Westar should be permitted to defer
4 the revenues lost as a result of the special contract rate reduction – including the value of
5 the EEDR – as a regulatory asset, and should be permitted to seek recovery of the amount
6 deferred to its regulatory asset its next general rate case.

7

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

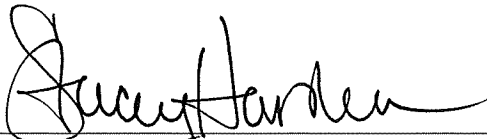
9 A. Yes.

10

VERIFICATION

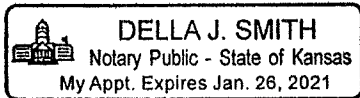
STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

I, Stacey Harden, of lawful age and being first duly sworn upon my oath, state that I am a Senior Regulatory Analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



Stacey Harden

SUBSCRIBED AND SWORN to before me this 15th day of August, 2018.





Notary Public

My Commission expires: 01-26-2021.

APPENDIX A

Exhibit SMH-1

Exhibit SMH-2

EXHIBIT SMH-1

U.S. Department of Commerce
 National Oceanic & Atmospheric Administration
 National Environmental Satellite, Data, and Information Service
 Current Location: Elev: 1067 ft. Lat: 38.9503° N Lon: -95.6639° W
 Station: TOPEKA FORBES FIELD, KS US USW00013920

Record of Climatological Observations
 These data are quality controlled and may not be identical
 to the original observations.
 Generated on 08/09/2018

National Centers for Environmental Information
 151 Patton Avenue
 Asheville, North Carolina 28801

Observation Time Temperature: Unknown Observation Time Precipitation: Unknown

Year	Month	Day	Temperature (F)			Precipitation					Evaporation		Soil Temperature (F)							
			24 Hrs. Ending at Observation Time		At Observation	24 Hour Amounts Ending at Observation Time				At Obs. Time	24 Hour Wind Movement (mi)	Amount of Evap. (in)	4 in. Depth			8 in. Depth				
			Max.	Min.		Rain, Melted Snow, Etc. (in)	Flag	Snow, Ice Pellets, Hail (in)	Flag				Snow, Ice Pellets, Hail, Ice on Ground (in)	Ground Cover (see *)	Max.	Min.	Ground Cover (see *)	Max.	Min.	
2018	06	01																		
2018	06	02																		
2018	06	03																		
2018	06	04	85	59		0.00														
2018	06	05	90	59		0.00														
2018	06	06	95	66		0.00														
2018	06	07	87	67		0.00														
2018	06	08	94	66		0.00														
2018	06	09	95	72		0.03														
2018	06	10	98	75		0.00														
2018	06	11	98	68		1.35														
2018	06	12	93	69		T														
2018	06	13	85	73		0.00														
2018	06	14	96	72		0.00														
2018	06	15	96	78		0.00														
2018	06	16	95	75		0.00														
2018	06	17	95	74		0.00														
2018	06	18	95	75		0.00														
2018	06	19	88	71		0.55														
2018	06	20	85	66		0.86														
2018	06	21	73	63		0.03														
2018	06	22	73	65		0.00														
2018	06	23	90	62		0.02														
2018	06	24																		
2018	06	25																		
2018	06	26																		
2018	06	27																		
2018	06	28																		
2018	06	29																		
2018	06	30																		
Summary			90	69		2.84		0.0												

Empty, or blank, cells indicate that a data observation was not reported.

*Ground Cover: 1=Grass; 2=Fallow; 3=Bare Ground; 4=Brome grass; 5=Sod; 6=Straw mulch; 7=Grass muck; 8=Bare muck; 0=Unknown

"s" This data value failed one of NCDC's quality control tests.

"T" values in the Precipitation or Snow category above indicate a "trace" value was recorded.

"A" values in the Precipitation Flag or the Snow Flag column indicate a multiday total, accumulated since last measurement, is being used.

Data value inconsistency may be present due to rounding calculations during the conversion process from SI metric units to standard imperial units.

EXHIBIT SMH-1

U.S. Department of Commerce
 National Oceanic & Atmospheric Administration
 National Environmental Satellite, Data, and Information Service
 Current Location: Elev: 1334 ft. Lat: 37.6552° N Lon: -97.4430° W
 Station: WICHITA WX, KS US USC00148847

Record of Climatological Observations
 These data are quality controlled and may not be identical
 to the original observations.
 Generated on 08/09/2018

National Centers for Environmental Information
 151 Patton Avenue
 Asheville, North Carolina 28801

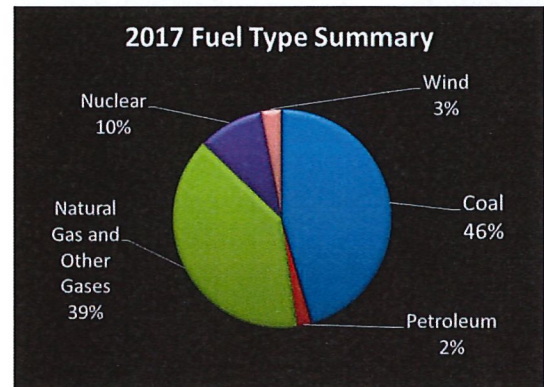
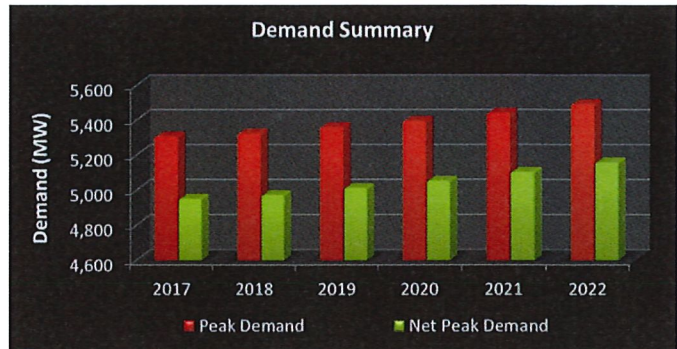
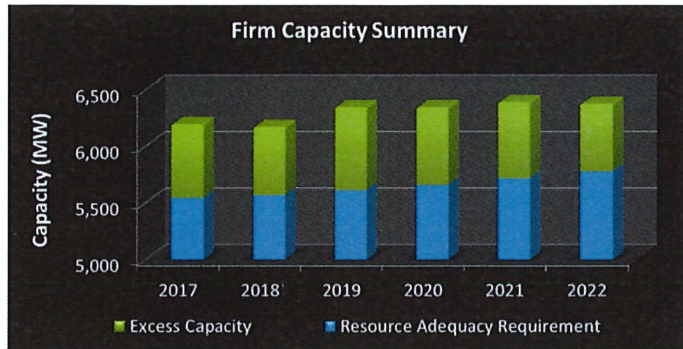
Observation Time Temperature: 2400 Observation Time Precipitation: 2400

Year	Month	Day	Temperature (F)			Precipitation					Evaporation		Soil Temperature (F)						
			24 Hrs. Ending at Observation Time		At Observation	24 Hour Amounts Ending at Observation Time				At Obs. Time	24 Hour Wind Movement (mi)	Amount of Evap. (in)	4 in. Depth			8 in. Depth			
			Max.	Min.		Rain, Melted Snow, Etc. (in)	Flag	Snow, Ice Pellets, Hail (in)	Flag				Snow, Ice Pellets, Hail, Ice on Ground (in)	Ground Cover (see *)	Max.	Min.	Ground Cover (see *)	Max.	Min.
2018	06	01																	
2018	06	02																	
2018	06	03																	
2018	06	04	85	58	67	0.00		0.0		0.0									
2018	06	05	90	61	72	0.00		0.0		0.0									
2018	06	06	92	67	76	0.00		0.0		0.0									
2018	06	07	80	66	68	0.26		0.0		0.0									
2018	06	08	90	65	74	0.00		0.0		0.0									
2018	06	09	95	70	77	0.00		0.0		0.0									
2018	06	10	97	70	79	0.00		0.0		0.0									
2018	06	11	97	73	82	0.00		0.0		0.0									
2018	06	12	92	74	77	0.00		0.0		0.0									
2018	06	13	94	72	79	0.00		0.0		0.0									
2018	06	14	99	73	80	0.00		0.0		0.0									
2018	06	15	98	74	80	0.00		0.0		0.0									
2018	06	16	93	75	78	0.00		0.0		0.0									
2018	06	17	96	74	78	0.00		0.0		0.0									
2018	06	18	95	74	78	0.00		0.0		0.0									
2018	06	19	93	74	75	0.00		0.0		0.0									
2018	06	20	87	64	70	0.01		0.0		0.0									
2018	06	21	87	63	64	0.00		0.0		0.0									
2018	06	22	85	64	65	0.40		0.0		0.0									
2018	06	23	88	62	71	0.00		0.0		0.0									
2018	06	24																	
2018	06	25																	
2018	06	26																	
2018	06	27																	
2018	06	28																	
2018	06	29																	
2018	06	30																	
Summary			92	69		0.67		0.0											

Empty, or blank, cells indicate that a data observation was not reported.
 *Ground Cover: 1=Grass; 2=Fallow; 3=Bare Ground; 4=Brome grass; 5=Sod; 6=Straw mulch; 7=Grass muck; 8=Bare muck; 0=Unknown
 "s" This data value failed one of NCDC's quality control tests.
 "T" values in the Precipitation or Snow category above indicate a "trace" value was recorded.
 "A" values in the Precipitation Flag or the Snow Flag column indicate a multiday total, accumulated since last measurement, is being used.
 Data value inconsistency may be present due to rounding calculations during the conversion process from SI metric units to standard imperial units.

Southwest Power Pool, Inc.

WESTAR ENERGY



Firm Capacity Summary		Unit	2017	2018	2019	2020	2021	2022
Firm Capacity Resources	MW	6,527	6,527	6,527	6,527	6,527	6,527	
Firm Capacity Resources (Other)	MW	0	0	0	0	0	0	
Firm Capacity Purchases	MW	433	383	420	355	275	209	
Firm Capacity Sales	MW	766	741	604	539	414	364	
Confirmed Retirements	MW	0	0	0	0	0	0	
Scheduled Outages	MW	0	0	0	0	0	0	
Transmission Limitations	MW	0	0	0	0	0	0	
Other Capacity Adjustments - Additions	MW	0	0	0	0	0	0	
Other Capacity Adjustments - Reductions	MW	0	0	0	0	0	0	
Firm Capacity	MW	6,194	6,169	6,343	6,343	6,388	6,372	
Demand Summary		Unit	2017	2018	2019	2020	2021	2022
Peak Demand (Forecasted)	MW	5,307	5,323	5,360	5,396	5,441	5,492	
Firm Power Purchases	MW	112	112	112	112	112	112	
Firm Power Sales	MW	0	0	0	0	0	0	
Controllable and Dispatchable DR - Available	MW	244	240	236	231	226	221	
Other Controllable and Dispatchable DEG - Available	MW	0	0	0	0	0	0	
Net Peak Demand (Forecasted)	MW	4,951	4,971	5,012	5,053	5,104	5,159	
Energy Efficiency and Conservation (Included in Peak Demand)	MW	0	0	0	0	0	0	
Standby Load Under Contract (Included in Peak Demand)	MW	0	0	0	0	0	0	
Requirements Summary		Unit	2017	2018	2019	2020	2021	2022
Resource Adequacy Requirement	MW	5,545	5,567	5,613	5,659	5,716	5,778	
Excess Capacity	MW	649	602	730	684	672	594	
Deficient Capacity	MW	0	0	0	0	0	0	
Planning Reserve Margin		%	2017	2018	2019	2020	2021	2022
Planning Reserve Margin	%	25.1%	24.1%	26.6%	25.5%	25.2%	23.5%	
SPP Target Planning Reserve Margin	%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	

APPENDIX B

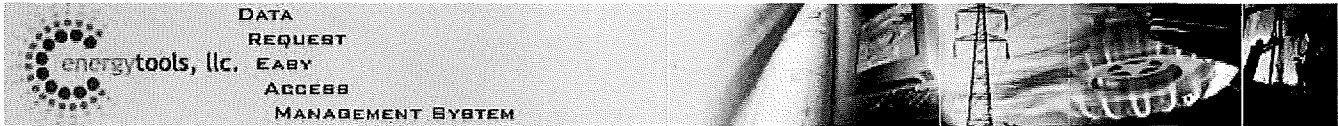
Referenced Data Requests

CURB-6

CURB-8

KCC-2**

**** Confidential spreadsheet – not included**



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Wednesday, August 15, 2018
 Logged in as: **[Stacey Harden]** [Logout](#)

Docket: [18-KG&E-303-CON] Occidental Contract
Requestor: [CURB] [Thomas Connors]
Data Request: CURB-06 :: EEDR Curtailment
Date: 0000-00-00

Question 1 (Prepared by Mike Rinehart)

How many times since the EEDR was approved in 2009 has Westar utilized the EEDR to curtail Occidental?
 Please provide a list of each curtailment event, the reason for each called curtailment event, and the amount of the Event Payment provided to Occidental in each curtailment event.

Response:

Please see attached schedule for Curtailment Events.

Attachment File Name	Attachment Note
CURB 06 - Oxy Curtailments.xlsx	
Mike Rinehart.verification06.pdf	

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Occidental Chemical Corp
Days of Curtailment

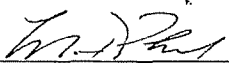
DATE	PAYMENT	Reason
7/6/2010	\$ 32,742.05	System Condition
7/22/2010	\$ 30,835.19	System Condition
7/23/2010	\$ 30,495.47	System Condition
6/7/2011	\$ 11,250.00	System Condition
8/5-8/6/2011	\$ 16,252.50	System Condition
7/19/2012	\$ 31,626.79	System Condition
7/26/2012	\$ 38,090.19	System Condition

Verification of Response

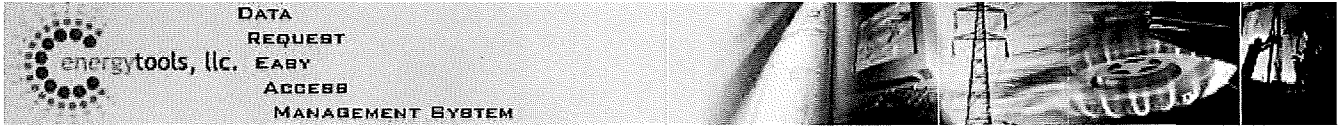
Westar Energy, Inc.

Docket No. 18-KG&E-303-CON

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: 

Title: Director Customer Acct Mgt



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Wednesday, August 15, 2018
Logged in as: [Stacey Harden] [Logout](#)

Docket: [18-KG&E-303-CON] Occidental Contract
Requestor: [CURB] [Thomas Connors]
Data Request: CURB-08 :: EEDR
Date: 0000-00-00

Question 1 (Prepared by Mike Rinehart)

Please provide the amount paid in each year since 2009 to Occidental for its participation in the EEDR.

Response:

Please find attached spreadsheet that includes the Bill Credits (rates reflect reduction) to Oxy related to Energy Efficiency Demand Response Rider. Note this is not a payment or separate line item credit on their bill.

Attachment File Name	Attachment Note
CURB_08 - EEDR Bill Credits.xlsx	
Mike Rinehart.verification08.pdf	

A B D

Westar Energy, Inc.

Schedule of Occidental Chemical Corp's Energy Efficiency Demand Response (EEDR) Program Bill Credits

C:\Users\sharden\AppData\Local\Microsoft\Windows\NetCache\IE\IIRB15Z7\CURB 08 - EEDR Bill Credits.xlsx]Sheet1

1		Monthly
2	<u>Month</u>	<u>Credit</u>
3		
4	January, 2010	\$285,700
5	February	320,056
6	March	319,960
7	April	381,908
8	May	381,908
9	June	393,048
10	July	395,016
11	August	387,648
12	September	390,768
13	October	385,616
14	November	369,164
15	December	353,768
16	Total 2010	<u>\$4,364,560</u>
17		
18	January, 2011	\$391,340
19	February	391,268
20	March	390,780
21	April	381,252
22	May	395,016
23	June	391,148
24	July	394,516
25	August	406,264
26	September	393,272
27	October	375,620
28	November	336,324
29	December	336,324
30	Total 2011	<u>\$4,583,124</u>
31		
32	January, 2012	\$383,148
33	February	400,868
34	March	400,536
35	April	404,640
36	May	336,324
37	June	349,868
38	July	356,228
39	August	325,280
40	September	370,352
41	October	305,800
42	November	305,800
43	December	305,800
44	Total 2012	<u>\$4,244,644</u>
45		
46	January 2013	\$305,800
47	February	370,352
48	March	370,352
49	April	313,144
50	May	368,920
51	June	257,792
52	July	342,704

53	August	312,852
54	September	333,392
55	October	288,848
56	November	297,548
57	December	284,536
58	Total 2013	<u>\$3,846,240</u>

January 2014	359,296
February	352,032
March	288,816
April	352,584
May	349,432
June	295,716
July	336,140
August	367,692
September	374,780
October	307,176
November	278,540
December	307,136
Total 2014	<u>\$3,969,340</u>

January 2015	257,152
February	243,080
March	242,536
April	233,592
May	307,236
June	313,188
July	297,172
August	268,568
September	204,080
October	197,396
November	197,448
December	272,336
Total 2015	<u>\$3,033,784</u>

January 2016	230,940
February	268,208
March	232,556
April	228,016
May	302,688
June	299,336
July	210,084
August	343,420
September	357,608
October	353,944
November	234,576
December	230,012
Total 2016	<u>\$3,291,388</u>

January 2017	225,392
February	278,640
March	320,608
April	365,648
May	357,212
June	378,748
July	380,316
August	380,360
September	378,348

October	345,704
November	305,692
December	<u>363,968</u>
Total 2017	<u>\$4,080,636</u>

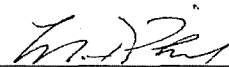
January 2018	304,428
February	351,916
March	356,116
April	348,100
May	328,604
June	393,344
July	
August	
September	
October	
November	
December	
Total 2018	<u>\$2,082,508</u>

Verification of Response

Westar Energy, Inc.

Docket No. 18-KG&E-303-CON

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: 

Title: Director Customer Acct Mgt



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Wednesday, August 15, 2018
Logged in as: [Stacey Harden] [Logout](#)

Docket: [18-KG&E-303-CON] Occidental Contract
Requestor: [KCC] [Darren Prince]
Data Request: KCC-02 - Confidential :: EM&V Benefit/Cost Ratios
Date: 0000-00-00

!!!! ---- Confidential ---- !!!!

Question 1 (Prepared by Scott Unekis)

Please provide the data and calculations used to derive the Benefit/Cost Ratios presented in the EM&V Study. Additionally, please provide a description of the model used to calculate the Benefit/Cost Ratios and all workpapers involved in the calculation.

Response:

Please find attached the excel file titled: "2017 Oxy Cost-Effectiveness Tests.xls" for the calculations. The data within is considered CONFIDENTIAL as it contains material or documents that contain information relating directly to specific customers. As such, these materials constitute "Confidential information" because, if disclosed, would likely result in harm to Westar's economic or competitive interests or which would result in harm to the public interest, generally, and which is not otherwise available from public sources.

Attachment File Name	Attachment Note
CONFIDENTAIL 2017 Oxy Cost-Effectiveness Tests.xls	
Scott Unekis Verification.02.pdf	


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Verification of Response

Westar Energy, Inc.

Docket No. 18-KG&E-303-CON

I have read the foregoing Information Request(s) and answer(s) thereto and find answer(s) to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signed: 

Title: Regulatory Economist

CERTIFICATE OF SERVICE

18-KG&E-303-CON

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 15th day of August, 2018, to the following:

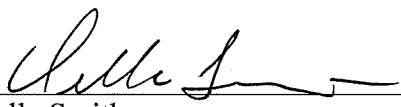
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Della Smith
Administrative Specialist