

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

**In the Matter of the Application of Southern)
Pioneer Electric Company for Approval to) Docket No. 20-SPEE-169-RTS
Make Certain Changes in its Charges for)
Electric Services.)**

CROSS-ANSWERING TESTIMONY

GLENN A. WATKINS

**RE:
GRID ACCESS CHARGES**

**ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD**

MARCH 5, 2020

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

2 A. My name is Glenn A. Watkins. My business address is 6377 Mattawan Trail,
3 Mechanicsville, Virginia 23116.

4
5 **Q. Have you previously filed testimony in this proceeding?**

6 A. Yes. I filed direct testimony in this proceeding on March 2, 2020.

7
8 **Q. What is the purpose of your cross-answering testimony?**

9 A. The purpose of this testimony is to respond to the direct testimony of Staff witness Douglas
10 Hall as it relates to the Grid Access Charges (“GAC”) proposed by Southern Pioneer
11 Electric Company (“SPEC” or “Company”) to be applicable to future net metering
12 customers.

13
14 **Q. Please summarize Mr. Hall’s recommendations concerning the Company’s GAC.**

15 A. Although Mr. Hall supports the Company’s conceptual or theoretical basis for
16 implementing separate charges for future net metering customers, he recommends that the
17 structure of the Company’s proposed GAC be rejected, and in turn, offers two alternatives.
18 Mr. Hall’s primary recommendation is to require future net metering customers to be
19 subject to an on-peak demand charge coupled with a lower energy charge than those paid
20 by non-net metering customers.¹ Mr. Hall’s secondary recommendation is to accept the
21 Company’s GAC, but with no cap, along with a lower energy charge than those paid by
22 non-net metering customers.²

¹ Hall Direct, page 8, line 23 through page 9, line 6.

² Hall Direct, page 10, lines 21-22.

1 **Q. Do you agree with either Mr. Hall’s primary or secondary recommendation as they**
2 **relate to charges imposed upon future net metering customers?**

3 A. No. First, from a policy and ratemaking perspective, Mr. Hall’s recommendations (as well
4 as SPEC) are a solution in search of a problem. Both Mr. Hall and the Company assert that
5 there is a need for separate charges imposed upon net metering customers because these
6 customers are being subsidized by non-net metering customers. As discussed in my direct
7 testimony, there are currently only four Residential customers and one Commercial
8 customer participating in the Company’s Net Metering program. Furthermore, there is no
9 indication that net metering through self-generation will grow any significant degree in the
10 near future. Indeed, the four Residential customers are a miniscule subset of the 12,528
11 customers comprising the total Residential class; i.e., 0.03% of Residential customers.
12 Furthermore, the net metering credit provided to the four Residential customers represents
13 only 0.02% of the Company’s Residential energy usage. Such a miniscule subset of
14 Residential customers do not warrant the establishment of a separate subclass or separate
15 charges.

16 To explain further, the development, and implementation of, regulated rates
17 involves a host of averages. To illustrate, it could be reasonably argued that Residential
18 customers located in towns and cities (more densely populated areas) subsidize rural
19 customers simply because there are fewer miles of distribution lines, fewer poles, fewer
20 line transformers, and shorter service lines required to serve these customers relative to
21 rural customers. Yet, when Residential rates are designed, the average cost of these
22 facilities are used in developing all Residential customers’ rates. While there may be
23 technical merit to the argument that net metering customers receive somewhat more

1 incremental benefit than the incremental costs they impose on the system, this could be
2 said for other groups of Residential customers. In short, because SPEC's net metering
3 customers represent such a *de minimis* subset of the total Company's operations, there is
4 no need to create a separate subclass for these customers in that any so-called subsidies
5 received by net metering customers will have virtually no impact on all other customers'
6 rates.

7 Second, Mr. Hall's (and the Company's) proposals would result in a distinct
8 disincentive and impediment for customers investing in their own renewable energy
9 resources which is at odds with this legislature's policy set forth in K.S.A. § 66-1256. As
10 discussed in my direct testimony, the current Residential customer with installed self-
11 generation capacity of 2 KW received a net metering benefit of only \$5.90 during the entire
12 year of 2019. If Mr. Hall's, or the Company's proposals were adopted, it would actually
13 cost the customer more to participate in the Net Metering program than the benefits
14 received. In fact, if either Mr. Hall's or the Company's proposals were adopted, customers
15 would likely opt out of the Net Metering program and simply utilize their self-generation
16 behind-the-meter and not be subject to these net metering charges. If this were to happen,
17 no benefit, or frankly, any impact as a result of the proposed net metering charges; i.e.,
18 customers would simply use their self-generation facilities behind-the-meter and would not
19 participate in the Net Metering program such that there would be no revenues contributed
20 from GAC associated charges.

21

22 **Q. Are there practical and ratemaking reasons why Mr. Hall's recommendations should**
23 **not be accepted?**

1 A. Yes. Under Mr. Hall’s preferred (primary) recommended approach, net metering
2 customers would be subject to a demand charge (during peak hours) with a lower energy
3 charge (than those imposed on non-net metering customers). However, Mr. Hall did not
4 quantify or indicate the level of his proposed demand charges nor did he offer a proposal
5 as to the definition of “peak demand hours.”³ Furthermore, he did not quantify the impact
6 on energy charges (as a result of also implementing a demand charge). Indeed, with the
7 evidence provided in this case, there is no way of knowing what this peak period demand
8 charge should be nor is there any way of knowing what the demand billing determinants
9 might be under Mr. Hall’s primary proposal. Similarly, under Mr. Hall’s secondary
10 recommended approach, he did not quantify what the lower net metering energy charge
11 would be if his proposal were accepted nor has he provided any data, analysis, or
12 information to determine if his proposals would be revenue neutral.

13

14 **Q. Does this complete your testimony?**

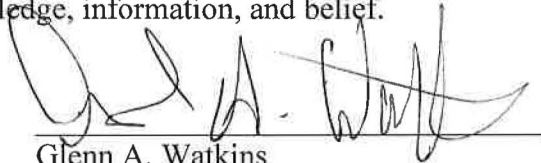
15 A. Yes.

³ On page 11, lines 10 and 11 of Mr. Hall’s Direct Testimony, he indicates that Dr. Robert Glass more fully testifies on Staff’s proposed rate design. However, Dr. Glass does not address any of Mr. Hall’s proposed rate designs associated with net metering.

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF HENRICO) ss:

Glenn A. Watkins, being duly sworn upon his oath, deposes and states that he is a consultant for the Citizens' Utility Ratepayer Board, that he has read and is familiar with the foregoing *Cross-Answering Testimony*, and that the statements made herein are true and correct to the best of his knowledge, information, and belief.



Glenn A. Watkins

SUBSCRIBED AND SWORN to before me this 4th day of March, 2020.



Notary Public

My Commission expires:



CERTIFICATE OF SERVICE

20-SPEE-169-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 5th day of March, 2020, to the following:

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