

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

TESTIMONY OF ARON CROMWELL

CROMWELL ENVIRONMENTAL, INC.

IN OPPOSITION TO NON-UNANIMOUS SETTLEMENT AGREEMENT

DOCKET NO. 16-GIME-403-DIE

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

2 A. Aron Cromwell. I am CEO of Cromwell Environmental, Inc., 613 Vermont, Lawrence,
3 Kansas 66044.

4 **Q. What is the purpose of your testimony?**

5 A. I am testifying against the proposed Non-Unanimous Stipulation and Agreement. I
6 recommend the Commission reject the agreement.

7 **Q. What are your reasons for opposing the agreement?**

8 A. The agreement fails to address the principal purpose of this docket, namely to consider
9 policy options for rate design for residential distributed generation customers, including net
10 metered and parallel generation customers. Rather than investigating the issues necessary to
11 establish such a policy, the Agreement merely allows utilities to seek separate rate classes and
12 rate design for residential distributed generation customers in future rate cases without any
13 particular policy guidance.

14 **Q. What elements are missing from this Agreement that should be included in a policy**
15 **for distributed generation rate design?**

1 A. First, an effort should be made to identify and quantify specific costs and benefits to the
2 utility systems in Kansas that occur from the development of distributed generation customers.
3 One fact that became clear from this docket is that there is very little data available about the
4 actual costs and benefits these customers impose/provide for the systems. Second, the
5 distinction between net metered customers and parallel generation customers must be recognized
6 in any policy. Third, a wide range of rate design options should be considered before a rate
7 design policy is adopted for distributed generation customers. This Agreement fails to address
8 any of these elements.

9 **Q. How does the Agreement propose future rates be fashioned for DG customers?**

10 A. The Agreement appears to anticipate traditional cost of service studies will be used by
11 utilities in support of any proposed rate designs for DG customers. I have concerns that
12 traditional approaches may not accurately capture the costs and benefits of DG customers. The
13 Agreement does provide that the Commission *may* order a cost/benefit study; however the
14 Agreement contains no specific guidelines about what would be included in such a study if it was
15 ordered in the first place. The absence of guidelines or policy for future rate cases is another
16 failure of the Agreement to meet the expectations set forth in the order creating this general
17 investigation.

18 **Q. Do you oppose the proposal that rates DG customers be set for each utility in a**
19 **future rate case?**

20 A. No. In fact one would expect the actual rates and rate design to be set for each utility in
21 the context of their own rate cases. What is needed, but not included in the Agreement, is a set
22 of costs/benefits to be considered in establishing those rates and rate designs. A policy outlining

1 the costs and benefits to be considered would be especially beneficial for smaller utilities with
2 limited experience with DG. Such a policy could also prove beneficial in large utility rate cases
3 where the details of a small group of customers can be easily lost among larger issues. I should
4 note that this Commission has ruled that the role of intervenors such as Cromwell
5 Environmental, Inc., is quite limited; therefore an appropriate policy could serve as a proxy to
6 assure the consideration of the interests of DG customers.

7 **Q. Have you participated in the proceedings of this docket?**

8 A. Yes. I have been involved myself in all the round table discussions and settlement
9 discussions. I have been engaged myself or through counsel in the other aspects of the
10 investigation. The concerns expressed in this testimony were raised by me and other parties and
11 discussed throughout the process. The settling parties chose not to address these concerns in the
12 Agreement.

13 **Q. What is your recommendation to the Commission?**

14 A. The Commission should reject the proposed Stipulation and Agreement. The
15 Commission should pursue the objectives it outlined when it opened this investigation,
16 particularly identification of the costs and benefits in Kansas associated with residential
17 distributed generation. Cromwell would prefer a study by an independent third party like that
18 done in other jurisdictions, but more important than the type of investigation is a commitment to
19 determine actual costs and benefits of residential DG customers from the Kansas experience.
20 Utility customers in Kansas depend on the KCC to set the parameters within which utilities
21 operate. The Agreement fails to establish clear parameters for rate design for DG customers, and
22 therefore it should be rejected.

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

2 **A.** Yes it does.