

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE GENERAL]
INVESTIGATION TO EXAMINE ISSUES] KCC DOCKET NO. 16-GIME-403-GIE
SURROUNDING RATE DESIGN FOR]
DISTRIBUTED GENERATION CUSTOMERS]

TESTIMONY IN OPPOSITION TO NON-UNANIMOUS
STIPULATION AND AGREEMENT OF

BRIAN KALCIC

RE:
CLASS COST OF SERVICE AND
DG RATE DESIGN

ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD

June 20, 2017

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

2 A. Brian Kalcic, 225 S. Meramec Avenue, Suite 720, St. Louis, Missouri 63105.

3

4 **Q. What is your occupation?**

5 A. I am an economist and consultant in the field of public utility regulation, and principal
6 of Excel Consulting. My qualifications are described in the Appendix to this testimony.

7

8 **Q. On whose behalf are you testifying in this case?**

9 A. I am testifying on behalf of the Citizens' Utility Ratepayer Board ("CURB").

10

11 **Q. Have you previously sponsored comments and reply comments in this proceeding?**

12 A. Yes. In my comments, I review traditional rate design principles and discuss potential
13 rate design alternatives for distributed generation ("DG") customers.

14

15 **Q. Does CURB oppose the proposed Non-Unanimous Stipulation and Agreement
16 ("S&A")?**

17 A. Yes, for the reasons discussed in the accompanying testimony of CURB policy witness
18 Cary P. Catchpole.

19

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

21 A. First, I will discuss CURB's position with respect to the rate design aspects of the
22 following contested issue: *Whether a class cost-of-service study provides sufficient*

1 *support for residential DG tariff changes. Second, I will comment on the DG rate*
2 *design provisions contained in Paragraph 11 of the proposed S&A.*

3

4 **Contested Issue**

5 **Q. What position does the proposed S&A take on the issue of whether a class cost-of-**
6 **service study provides sufficient support for residential DG tariff changes?**

7 A. Paragraph 13 of the proposed S&A reads as follows:

8 Rates for private residential DG customers should be cost-based and any
9 unquantifiable value of solar resource approach should not be considered when
10 setting rates. *A class cost of service study provides sufficient support for design*
11 *of a residential private DG tariff (as identified above in paragraph 11), and no*
12 *further study is necessary for the purpose of this docket. (Emphasis supplied.)*
13

14 **Q. Does CURB agree with the S&A signatories that a class cost-of-service study**
15 **provides sufficient support for the design of a residential DG tariff?**

16 A. No. In CURB's view, a class cost-of-service study provides *necessary* but not *sufficient*
17 support for the design of a residential DG tariff. Stated differently, it is CURB's
18 position that a utility must undertake a separate analysis and/or study of the costs and
19 benefits (or value) of DG, in conjunction with conducting a class cost-of-service study,
20 in order to develop a cost-based residential DG tariff.¹

21

22 **Q. Mr. Kalcic, why doesn't a class cost-of-service study alone provide sufficient**
23 **support for developing a residential DG tariff?**

¹ See the testimony of CURB witness Cary P. Catchpole regarding the need for an analysis of the costs and benefits of DG.

1 A. In order to implement an appropriate DG rate design, regulators must first determine an
2 appropriate revenue requirement target for the DG class. In CURB's view, an
3 appropriate DG revenue requirement target should reflect the *net* cost of providing
4 generation-, transmission- and distribution-related services to DG customers.²

5 A cost-of-service study provides an estimate of the cost of providing service to
6 individual rate classes, based on a utility's claimed revenue requirement. However, in
7 order to determine the *net* cost of providing service to DG customers, one would need
8 to adjust the results of a class cost-of-service study to reflect the quantifiable net
9 benefits of DG on an individual utility's system. Any such net benefits would need to
10 be determined via a separate analysis and/or study of the costs and benefits (or value) of
11 DG.

12
13 **Q. What would be the outcome of relying solely on the results of a class cost-of-
14 service study to develop a DG tariff, as Paragraph 13 of the S&A recommends?**

15 A. Put simply, to do so would assume, inappropriately in CURB's view, that the
16 quantifiable net benefits of DG are zero.

17
18 **S&A Paragraph 11**

19
20 **Q. Does the proposed S&A recommend a single type of rate design for DG
21 customers?**

² See page 8 of Mr. Kalcic's comments on behalf of CURB.

1 A. No. Paragraph 11 of the S&A (i) provides a list of DG rate design options that are
2 appropriate for the purpose of recovering the cost of providing service to DG
3 customers, and (ii) specifies that the S&A “is not meant to preclude a utility from
4 proposing other appropriate rate designs within that individual utility’s rate case
5 proceeding.”

6

7 **Q. Does CURB agree with Paragraph 11 of the proposed S&A?**

8 A. Yes. Rather than impose a single DG rate design option on all Kansas utilities, CURB
9 agrees that it is reasonable to provide individual utilities with rate design flexibility
10 when implementing their DG tariffs. At the same time, however, Consumer Counsel
11 advises me that the utility retains the burden of proof in a rate proceeding that its
12 proposed DG rate design is appropriate.

13

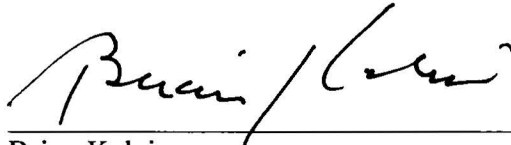
14 **Q. Does this conclude your testimony in opposition to the proposed S&A?**

15 A. Yes.

VERIFICATION

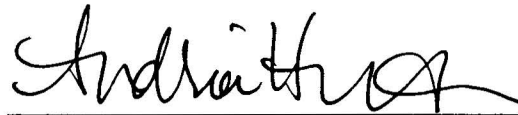
STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

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



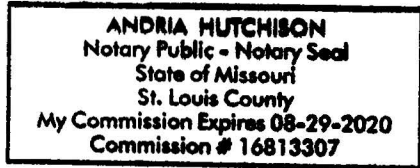
Brian Kalcic

SUBSCRIBED AND SWORN to before me this 19th day of June, 2017.



Notary Public

My Commission expires:
08/29/2020



APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Benedictine University with a Bachelor of Arts degree in Economics in December 1974. In May 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic was employed by the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice that offers business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Indiana, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas, and also before the Bonneville Power Administration.

CERTIFICATE OF SERVICE

16-GIME-403-GIE

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 20th day of June, 2017, to the following parties:

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
jflaherty@andersonbyrd.com

MARTIN J. BREGMAN
BREGMAN LAW OFFICE, L.L.C.
311 PARKER CIRCLE
LAWRENCE, KS 66049
mjb@mjbregmanlaw.com

ANDREW J ZELLERS, GEN COUNSEL/VP
REGULATORY AFFAIRS
BRIGHTERGY, LLC
1712 MAIN ST 6TH FLR
KANSAS CITY, MO 64108
andy.zellers@brightergy.com

C. EDWARD PETERSON
C. EDWARD PETERSON, ATTORNEY AT
LAW
5522 ABERDEEN
FAIRWAY, KS 66205
ed.peterson2010@gmail.com

GLENDA CAFER, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
glenda@caferlaw.com

TERRI PEMBERTON, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
terri@caferlaw.com

ARON CROMWELL
CROMWELL ENVIRONMENTAL, INC.
615 VERMONT ST
LAWRENCE, KS 66044
ACROMWELL@CROMWELLENV.COM

SUSAN B. CUNNINGHAM, ATTORNEY
DENTONS US LLP
7028 SW 69TH ST
AUBURN, KS 66402-9421
susan.cunningham@dentons.com

BRYAN OWENS, ASSISTANT DIRECTOR
OF PLANNING & REGULATORY
EMPIRE DISTRICT INDUSTRIES, INC.
602 JOPLIN
PO BOX 127
JOPLIN, MO 64802-0127
bowens@empiredistrict.com

JOHN GARRETSON, BUSINESS MANAGER
IBEW LOCAL UNION NO. 304
3906 NW 16TH STREET
TOPEKA, KS 66615
john@ibew304.org

ROBERT J. HACK, LEAD REGULATORY
COUNSEL
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
ROB.HACK@KCPL.COM

ROGER W. STEINER, CORPORATE
COUNSEL
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
roger.steiner@kcpl.com

MARY TURNER, DIRECTOR,
REGULATORY AFFAIR
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
MARY.TURNER@KCPL.COM

CERTIFICATE OF SERVICE

16-GIME-403-GIE

ANTHONY WESTENKIRCHNER, SENIOR
PARALEGAL
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
anthony.westenkirchner@kepl.com

NICOLE A. WEHRY, SENIOR PARALEGAL
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
NICOLE.WEHRY@KCPL.COM

SAMUEL FEATHER, DEPUTY GENERAL
COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
s.feather@kcc.ks.gov

AMBER SMITH, CHIEF LITIGATION
COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
a.smith@kcc.ks.gov

KIM E. CHRISTIANSEN, ATTORNEY
KANSAS ELECTRIC COOPERATIVES, INC.
7332 SW 21ST STREET
PO BOX 4267
TOPEKA, KS 66604-0267
kchristiansen@kec.org

BRUCE GRAHAM, CHIEF EXECUTIVE
OFFICER
KANSAS ELECTRIC COOPERATIVES, INC.
7332 SW 21ST STREET
PO BOX 4267
TOPEKA, KS 66604-0267
bgraham@kec.org

DOUGLAS SHEPHERD, VP,
MANAGEMENT CONSULTING SERVICES
KANSAS ELECTRIC COOPERATIVES, INC.
7332 SW 21ST STREET
PO BOX 4267
TOPEKA, KS 66604-0267
dshepherd@kec.org

SCOTT DUNBAR
KEYES FOX & WIEDMAN LLP
1580 LINCOLN STREET
SUITE 880
DENVER, CO 80203
SDUNBAR@KFWLAW.COM

JACOB J. SCHLESINGER, ATTORNEY
KEYES FOX & WIEDMAN LLP
1580 LINCOLN STREET
SUITE 880
DENVER, CO 80203
JSCHLESINGER@KFWLAW.COM

PATRICK PARKE, VICE PRESIDENT
CUSTOMER SERVICE
MIDWEST ENERGY, INC.
1330 Canterbury Rd
PO Box 898
Hays, KS 67601-0898
patparke@mwenergy.com

ANNE E. CALLENBACH, ATTORNEY
POL SINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
acallenbach@polsinelli.com

RANDY MAGNISON, EXEC VP & ASST
CEO
SOUTHERN PIONEER ELECTRIC
COMPANY
1850 W OKLAHOMA
PO BOX 430
ULYSSES, KS 67880-0430
rmagnison@pioneerelectric.coop

LINDSAY SHEPARD, EXECUTIVE VP -
GENERAL COUNSEL
SOUTHERN PIONEER ELECTRIC
COMPANY
1850 W OKLAHOMA
PO BOX 430
ULYSSES, KS 67880-0430
lshepard@pioneerelectric.coop

RENEE BRAUN, CORPORATE
PARALEGAL, SUPERVISOR
SUNFLOWER ELECTRIC POWER
CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
RBRAUN@SUNFLOWER.NET

CERTIFICATE OF SERVICE

16-GIME-403-GIE

JAMES BRUNGARDT, REGULATORY
AFFAIRS ADMINISTRATOR
SUNFLOWER ELECTRIC POWER
CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
JBRUNGARDT@SUNFLOWER.NET

COREY LINVILLE, VICE PRESIDENT,
POWER SUPPLY & DELIVER
SUNFLOWER ELECTRIC POWER
CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
clinville@sunflower.net

AL TAMIMI, VICE PRESIDENT,
TRANSMISSION PLANNING AND POLICY
SUNFLOWER ELECTRIC POWER
CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
atamimi@sunflower.net

JASON KAPLAN
UNITED WIND, INC.
20 Jay Street
Suite 928
Brooklyn, NY 11201
jkaplan@unitedwind.com

CASEY YINGLING
YINGLING LAW LLC
330 N MAIN
WICHITA, KS 67202
casey@yinglinglaw.com

MARK D. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
MCALCARA@WCRF.COM

TAYLOR P. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
TCALCARA@WCRF.COM

CATHRYN J. DINGES, SENIOR
CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
cathy.dinges@westarenergy.com

JEFFREY L. MARTIN, VICE PRESIDENT,
REGULATORY AFFAIRS
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
JEFF.MARTIN@WESTARENERGY.COM

LARRY WILKUS, DIRECTOR, RETAIL
RATES
WESTAR ENERGY, INC.
FLOOR #10
818 S KANSAS AVE
TOPEKA, KS 66601-0889
larry.wilkus@westarenergy.com

BRAD LUTZ, REGULATORY AFFAIRS
KANSAS CITY POWER & LIGHT
COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th
FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
BRAD.LUTZ@KCPL.COM

DOROTHY BARNETT
CLIMATE & ENERGY PROJECT
PO BOX 1858
HUTCHINSON, KS 67504-1858
barnett@climateandenergy.org

ROBERT V. EYE, ATTORNEY AT LAW
KAUFFMAN & EYE
4840 Bob Billings Pkwy, Ste. 1000
Lawrence, KS 66049-3862
BOB@KAUFFMANEYE.COM



Della Smith
Administrative Specialist