

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)
Electric Company and Occidental)
Chemical Corporation)

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

INITIAL BRIEF OF KANSAS GAS AND ELECTRIC COMPANY

I. Introduction

A. Executive Summary

The evidence in this docket demonstrates that the Energy Supply Agreement (“ESA”) between Kansas Gas and Electric Company (hereafter referred to as “Westar”) and Occidental Chemical Corporation (“Occidental” or “Oxy”) meets the Commission’s standard for approval of special contracts. The evidence also demonstrates that the Energy Efficiency Demand Response (“EEDR”) program, which is a component of the ESA, is cost-effective and provides value to Westar and its customers. All of the parties to the docket support approval of the ESA and all of the parties except for CURB support continuation of the EEDR as an energy efficiency program. As Westar understands CURB’s position in the docket, CURB argues that the EEDR is not cost-effective and should no longer be considered as an energy efficiency program. The impact of this position would be that Westar could no longer recover the costs of the EEDR program through its Energy Efficiency Rider (“EER”) and would be required to defer the costs as a regulatory asset and wait until its next general rate case to request recovery. The basis for CURB’s position is an argument that the Commission should use an avoided cost value of zero when applying the benefit-cost tests; however, this position is wholly unreasonable and is not supported by the evidence in the record. As a result, the Commission should reject CURB’s position and approve the ESA, as

well as continuation of the EEDR as an energy efficiency program, with contemporaneous cost recovery through the EER.

B. Background

On January 16, 2018, Westar and Occidental filed their Joint Application with the Commission for approval of the ESA. Occidental currently takes service from Westar under an agreement that was initially approved on May 24, 2013, by the Commission in Docket No. 13-KG&E-457-CON, and was amended effective July 1, 2017 in Docket No. 17-KG&E-352-CON. That agreement would have expired on May 31, 2018.¹ The parties to the docket filed a joint motion for a procedural schedule, which set a date for the Commission's order in the docket after May 31, 2018. As a result, the parties asked the Commission to grant an extension of the rates and terms contained in the agreement through the end of the billing cycle following a final Commission order on Westar and Occidental's Joint Application.² The Commission issued an order approving the requested extension on May 17, 2018.³

The proposed ESA is for an additional five-year term and is not substantively different from the currently effective agreement.⁴ Instead, the ESA simply updates dates and contact information only. The ESA does not change the terms and conditions of the currently effective agreement or the rates Occidental pays under the currently effective agreement.⁵

At the conclusion of a general rate case, the rates that Occidental pays under the ESA are to be updated to reflect the same increase or decrease approved for the Industrial and Large Power

¹ Luce Direct, at 2.

² Joint Motion for Procedural Schedule and Extension of ESA (May 14, 2018).

³ Order Approving Procedural Schedule, Extension of Agreement, and Waiver of Statutory Deadline (May 17, 2018).

⁴ Luce Direct, at 2.

⁵ *Id.*

(“ILP”) rate class.⁶ The supplement filed by KGE and Occidental on October 5, 2018, reflects the rates Oxy will pay under the ESA after the rate change that was approved by the Commission in Westar’s most recent rate case that was effective on September 27, 2018.⁷

Westar and its customers receive a number of benefits from Occidental through the ESA, including:

- A. an incentive for Occidental to coordinate maintenance outage schedules for its cogeneration plant and refinery plant to avoid Westar’s summer peak;
- B. a summer/winter pricing differential to reflect Westar’s higher cost of incremental fuel and generation during the summer months;
- C. contract clauses that ensure that Occidental will be subject to all Riders and Surcharges, if applicable;
- D. a requirement for Occidental to pay its pro rata share of any general rate increase authorized by the Commission;
- E. Westar’s ability to utilize Occidental’s cogeneration facility during periods of “System Condition” or a load buy down; and
- F. an increase in the amount of interruptible load provided to Westar by Occidental.⁸

The ESA also requires Oxy to maintain a certain number of employees at its Wichita facilities and continue to invest in capital improvements in Wichita to help maintain the long-term viability of that plant.⁹

In addition to the service Occidental takes under its special contract, Occidental also takes service under Westar’s EEDR program.¹⁰ In the ESA, Oxy agrees to continue taking service under

⁶ Luce Direct, at 3-4; Notice of Addendum to Energy Supply Agreement (Oct. 5, 2018).

⁷ *Id.*

⁸ Luce Direct, at 4-5.

⁹ Luce Direct, at 5.

¹⁰ ESA, ¶ 4.7 (attached as exhibit to Joint Application).

the EEDR.¹¹ In Docket No. 15-WSEE-532-MIS, the Commission found that if “Westar elects to renegotiate the Occidental Chemical Corporation's special contract, Westar shall submit EM&V with the application and the Energy Efficiency Demand Response Program shall be reevaluated at that same time.” Order Adopting Staff’s Report and Recommendation, Docket No. 15-WSEE-532-MIS, Ordering Paragraph C (Sept. 14, 2017). Therefore, Westar submitted an EM&V (evaluation, measurement and verification) analysis for the EEDR program with its Application in this docket. Westar’s EM&V was sponsored by John Wolfram in his Direct Testimony.¹²

The EEDR program is designed for Westar’s largest users of energy that can shed load in 10 minutes.¹³ Westar’s other demand response rates require at least 2 hours’ notice prior to interruption.¹⁴ Occidental provides Westar with 80 MW of interruptible load through the EEDR and receives a monthly credit per kW of interruptible load provided under the program.¹⁵ The EEDR was initially approved as an energy efficiency program in 2009,¹⁶ when the program passed all five of the benefit-cost tests applied by the Commission at that time.¹⁷

II. The ESA meets the Commission standard for approval of special contracts and should be approved.

The Agreement meets the Commission’s standard for approval of special contracts and all parties to the docket, including Staff and CURB, agree that the Agreement should be approved.¹⁸

¹¹ *Id.*

¹² See Wolfram Direct Testimony, Exhibit JW-1.

¹³ Wolfram Direct Testimony, Exhibit JW-1, p. 1.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Order Approving Energy Efficiency Demand Response Program Rider, Docket No. 10-WSEE-141-TAR (Dec. 9, 2009).

¹⁷ Glass, Tr. at 143-144.

¹⁸ Prince Direct Testimony, at 21-22; CURB Opening Statement, Tr. at 18.

The Commission's standard for approval is that the special contract must provide a cost benefit to the remaining core customers and the ESA meets that requirement.¹⁹ When making this determination, the Commission also considers the following factors, which were discussed in the direct testimony filed by Chad Luce on behalf of Westar and Darrin Prince on behalf of Staff:

- a. The load characteristics of the customer,
- b. The presence of an ECA or other risk management tool(s),
- c. The nature of the discount,
- d. Benefits such as curtailment provisions or use of system non-peak times,
- e. The length of the contract,
- f. Information regarding the terms of the contract, and
- g. The existing capacity of the utility.²⁰

Staff confirmed Westar's assertion that the ESA provides a benefit to core customers by "investigating whether core Westar customers are better off with the 2018 Special Contract versus Oxy leaving the Westar system."²¹ Staff witness Darrin Prince explained that, in this case, "[d]etermining whether remaining Westar customers are better off with or without Oxy as a Westar customer is appropriate because of Oxy's threat and apparent willingness to leave Kansas, if it does not receive an extension of the rates set in the 2017 Special Contract."²²

Staff concluded that, without the ESA, Occidental's Wichita facilities would be at a distinct rate disadvantage when compared to its other plants and that the rates under the ESA ensure that

¹⁹ Order, Docket No. 01-GIME-813-GIE (Oct. 3, 2001); Luce Direct Testimony, generally; Prince Direct Testimony, generally.

²⁰ *Id.*

²¹ Prince Direct Testimony, at 9.

²² *Id.*

Oxy will be contributing to its fixed costs.²³ In addition, “Oxy’s threat to shut down operations at its Wichita Plant” if the ESA is not approved is “credible.”²⁴ Therefore, “because core Westar customers are better off with Oxy on the system rather than off the system, and because of the threat of Oxy leaving the system, Staff considers the pending contract rates to be just and reasonable.”²⁵

Maintaining Occidental on the Westar system through approval of the ESA is important to Westar and its customers due to the impact on rates if Oxy left but is also important to the community in which Westar operates. Mr. Wolfram explained that retaining Oxy on the system is “significant to KG&E from a standpoint of clearly from a standpoint of revenue but also from a standpoint of the community in which KG&E operates and the direct, indirect and induced economic benefits of maintaining this customer in the KG&E service territory is extremely important, extremely valuable not only to KG&E but to the community in which it operates.”²⁶

The ESA clearly meets the Commission’s standard for approval and provides significant benefits to customers and the community and should therefore be approved.

III. The EEDR is cost-effective, provides value to Westar and its customers, and should be approved to continue as an energy efficiency program.

As indicated above, the Commission required Westar to conduct an EM&V of the EEDR program as part of the Application for approval of the ESA in order to demonstrate that the program is still cost-effective under the benefit-cost tests applied to energy efficiency programs. The EM&V conducted by Mr. Wolfram on Westar’s behalf satisfies this requirement and

²³ *Id.* at 13.

²⁴ *Id.*

²⁵ *Id.*

²⁶ Wolfram, Tr. at 57.

demonstrates the cost-effectiveness of the program. As Westar understands CURB's position in the docket, CURB supports approval of the ESA and its only disagreement with the Application is whether the EEDR program is cost-effective under the various tests and whether it should continue to be approved as an energy efficiency program, the costs of which are recovered through Westar's EER. As discussed below, CURB's arguments regarding the benefit-cost tests and cost recovery are unreasonable and should be rejected.

A. The EEDR is cost-effective under the benefit-cost tests applied by the Commission.

Westar's EM&V demonstrated that the EEDR program is cost-effective under each of the tests used by the Commission.²⁷ The results of Westar's EM&V for the EEDR program are shown in Table 1 below.²⁸

Table 1
Westar EM&V Results

Cost-Effectiveness Test	Benefit/Cost Ratios
Participant	1.71
Ratepayer Impact Measure (RIM)	1.17
Total Resource Cost (TRC)	2.00
Program Administrator Cost (PAC)	1.19

²⁷ See Order Setting Energy Efficiency Policy Goals, determining a Benefit Cost Test Framework, and Engaging a Collaborative Process to Develop Benefit-Cost Test Technical Matters and an Evaluation, Measurement, and Verification Scheme, Docket No. 08-GIMX-442-GIV (June 2, 2008).

²⁸ Wolfram Direct Testimony, Exhibit JW-1, p. 2.

Although Westar and Staff disagree on the appropriate amount to use for the value of avoided capacity in the benefit-cost tests, even with Staff's adjusted value for avoided capacity, Staff also concludes that the EEDR is cost-effective.²⁹ The results of Staff's EM&V are shown in Table 2 below.³⁰

Table 2
Staff EM&V Results

Cost-Effectiveness Test	Benefit/Cost Ratios
Participant	1.73
Ratepayer Impact Measure (RIM)	0.90
Total Resource Cost (TRC)	1.56
Program Administrator Cost (PAC)	0.91

Westar also demonstrated the qualitative benefits provided by the EEDR program, including the ability it gives Westar to call an interruption in order to respond to system conditions.³¹ Staff confirmed that the EEDR provides qualitative value by giving Westar the ability to call an interruption and explained that this value exists even if it is not utilized because

²⁹ Prince Direct Testimony, at 20. In Docket No. 16-KCPE-446-TAR, Staff established criteria that under the RIM test, a result about 0.7 would be considered cost-effective under the RIM test. *Id.*

³⁰ *Id.*

³¹ Wolfram Direct Testimony, Exhibit JW-1, p. 3.

it is an insurance value and because it counts towards Westar's capacity requirements with the SPP.³²

B. CURB's arguments regarding the cost-effectiveness of the EEDR fail.

CURB makes several arguments in an attempt to discredit the results of Westar's and Staff's EM&Vs and support its position that the EEDR is not cost-effective. Those arguments are all misplaced and should be rejected.

- i. *CURB's assertion that the EM&V should include an avoided cost value of zero is unreasonable.*

CURB argues that avoided capacity should be valued at zero and that, with this adjusted value, the program is not cost-effective. However, using an avoided capacity value of zero is completely unreasonable because it focuses on near-term market costs and ignores the long-term costs for generation asset replacement and for maintaining and enhancing the utility system's reliability.³³ As Westar witness Wolfram explained:

CURB oversimplifies the issue of avoided capacity costs. Avoided costs in these analyses should not be based simply on near-term market costs or on decisions that the utility might make in the short run, but instead should consider long run marginal costs, which are likely to reflect the long-term costs for generation asset replacement and for maintaining or enhancing the utility system's reliability from a supply standpoint.³⁴

Further, CURB's approach would mean that capacity has no value whatsoever for Westar future decades, which is an assumption that is unreasonable on its face.³⁵

³² Prince Direct Testimony, at 21.

³³ Wolfram Rebuttal Testimony, at 4.

³⁴ *Id.* at 2-3.

³⁵ Wolfram Rebuttal Testimony, at 4 ("if the long run marginal cost of capacity were actually zero, this would mean that capacity has no value whatsoever for Westar in the decades that lie ahead. Qualified Facilities under the Public Utility Regulatory Policies Act, independent power producers, or any other customers with power supply would be

Westar determined its avoided capacity cost in a manner consistent with industry standard. “Utilities typically determine avoided capacity costs by relying on a proxy unit methodology (usually a peaking unit), on market based pricing, or on competitive bidding. Westar used the proxy unit methodology, relying on the estimated installed cost of a peaking unit to determine the avoided capacity cost.”³⁶ Westar’s estimate for avoided capacity cost falls in between the estimates provided by Staff and Occidental in the docket, confirming the reasonableness of Westar’s number and the unreasonableness of CURB’s position that the avoided capacity value should be zero. As Mr. Wolfram explained:

I compare that to other numbers that are out there, so Staff’s value, the value that Staff put forth in its testimony is a confidential number, but I can say that my understanding is that comes from a Commission order in 2016 that relied on data that was provided by KCPL in 2014. At the same time Oxy’s witness, Mr. Pollock, provided testimony provided by SPP which is clearly independent of Westar’s regulatory interests. They made a filing at FERC which was approved in August that used a cost of entry in SPP that was higher than Westar’s number and that is the cost of new entry that should be analogous to a long-run marginal cost for generating resources in SPP and that number was something like \$86 per kW. That’s without any of the adders Mr. Pollock stated should be applied because of the rules that SPP put forth, just a cost of new entry, \$86 per kW, and that number is a couple of months old. Now, that’s SPP wide, it’s not Westar specific, but I think when you look at larger industry trends, I think that would support the Westar number as still being recent, so that’s kind of how I look at it. We had these 3 different numbers in the record that are all within the last, say, 5-ish years. **The most recent number is the biggest number, but they are all within kind of a range that makes the zero number put forth by CURB in this instance kind of stand out as unreasonably low.**³⁷

entitled to no compensation of any kind for the capacity value of their assets. This kind of capacity price signal would wipe out any economically-driven future capacity resource additions – a scenario that is unlikely”).

³⁶ *Id.* at 3.

³⁷ Wolfram, Tr. at 62-63 (emphasis added).

Staff's approach to determining the avoided capacity value also demonstrates the unreasonableness of CURB's position. Staff witness Glass explained that he believes it is appropriate to consider the cost to replace the 80 MW of interruptible load under the EEDR with a capacity contract as avoided cost because "that demand, the 80 megawatts, can be used as capacity, marginal capacity, in the Southwest Power Pool . . . if they were going to replace it . . . they are going to go out and sign a contract, so that's to us, that's further evidence that looking at these contracts, seeing 40, \$45, somewhere around there, is a pretty reasonable way of evaluating the capacity, the demand, that the EEDR provides."³⁸ The evidence in the record demonstrates that CURB's position regarding avoided capacity should be rejected.

- ii. *CURB's suggestion that the EEDR is not valuable because Westar has not recently called an interruption and because Westar participates in the SPP market is erroneous.*

CURB also argues that the program does not have value because Westar didn't use it recently when Jeffrey Energy Center was shut down and because SPP dispatches generation to ensure system reliability – there are a variety of factors that impact whether Westar calls an interruption under the EEDR.³⁹ Additionally, the fact that Westar did not use the program during a recent shutdown of Jeffrey does not mean the program is not needed and that participating in the SPP does not immunize Westar and its customers against system emergencies.⁴⁰ Under emergency conditions, the market does not guarantee moderate energy pricing or ensure deliverability.⁴¹ The

³⁸ Glass, Tr. at 147-148.

³⁹ Wolfram Rebuttal Testimony, at 7.

⁴⁰ *Id.*

⁴¹ *Id.*

ability to interrupt Occidental helps mitigate against the risk of high prices in the market and problems with deliverability during system emergencies.⁴²

As Mr. Wolfram explained:

under system emergency conditions, the fact that you are operating in a market doesn't guarantee that you will maintain low prices and it doesn't guarantee that power will be able to be delivered to you. We've seen this in other markets and we've seen it in other integrated RTOs and ISOs that have markets where the local pricing can be influenced by outages or by what they call congestion which means overloads on transmission facilities, and so the pricing for Westar from the SPP integrated marketplace just because you are in a market doesn't mean that under certain transmission or generation outage scenarios that you are going to get low prices, and if that situation occurs in SPP whether it's transmission or generation outages that cause prices in the Westar area to go up, the locational marginal prices SPP charges, having that interruptible load can protect Westar and its customers against price [spikes] that are driven by those transmission and generation outages within SPP. That is largely what I mean to say. It is not correct to assume just because you are in a market you are not going to have any high prices, you are not going to have any risk of power being able to be delivered to you. Being in SPP doesn't protect you or immunize you against those things and that's why the value of the interruptible option remains.⁴³

Dr. Glass confirmed that the EEDR is valuable even when not called on. He explained that “the value isn't being called right now. I mean, the value is the use as marginal capacity. That's an obvious value you can calculate. If it's called, it has more value and that's the reason that there is an insurance value that's greater than zero . . .”⁴⁴ He also confirmed the unique value that Oxy provides under the EEDR: “It's going to be very hard to find a large customer that can drop demand

⁴² *Id.* at 7-8.

⁴³ Wolfram, Tr. at 60-61.

⁴⁴ Glass, Tr. at 162.

as fast as Occidental can. I mean, that is just a remarkable facility and they've done it in the past, so it's not, you know, it's not a mythical facility. It's a real ability."⁴⁵

iii. *CURB's attempt to argue that Staff should not have included avoided transmission costs in its analysis fails.*

At the evidentiary hearing, CURB suggested that Staff's approach to determining an avoided capacity value was inappropriate because Staff included avoided transmission costs in addition to avoided generation costs in its number, when Westar did not include avoided transmission costs in its calculation. The logic in CURB's argument fails.

Westar utilized a method for determining avoided capacity cost that looks at the cost of its most recently completed generation resource.⁴⁶ Westar did not include avoided transmission costs in its analysis because they are difficult to calculate.⁴⁷ However, Staff utilized an entirely different method for determining avoided capacity cost that looks at the cost of replacing the 80 MW of interruptible load with a capacity contract. Although it may be difficult to calculate avoided transmission costs on a stand-alone basis, under Staff's method of using capacity contracts, it is necessary for the contracting parties to include a price for transmission in the contract and Staff's total avoided cost number is based on the total price included in the contract:

I believe Mr. Wolfram said that they didn't calculate transmission cause it's difficult to calculate and these contracts where they are paying for generation or they are paying for capacity, it's important that, you know, that's part of what's going to get paid, so it's more important that they figure out a number for transmission, so they do in the contracts. They have a number for transmission. I suspect that the incentive is much stronger when you're putting forth a contract than just a general benefit-cost analysis to come up with a figure for transmission.⁴⁸

⁴⁵ Glass, Tr. at 148.

⁴⁶ Wolfram, Tr. at 31.

⁴⁷ *Id.* at 32.

⁴⁸ Glass, Tr. at 140.

Dr. Glass further explained:

If Westar were to substitute capacity or to do it on a short-term basis, that means that, well, say over the next 5 years, they are not going to build a plant, they are going to sign a contract. They are going to sign a contract with somebody, but we don't know who. If the contract was further away, if they go for -- they are going to go for least cost. I think that's pretty obvious the way that Westar operates. They are obviously a least cost company, but they go for a least cost, then it's the combination of the two, the generation and the transmission from wherever they find the lowest bid, and one of the things we've noticed is that if the transmission is difficult, for example, on a contract, it's more expensive, so I guess the combination -- the reason we stick with the \$45 is because the combination makes sense to us. It's, you know, it might be \$35 and \$10 for transmission. It might be \$17 for generation but \$28 for transmission . . . So it's just -- it's a type of thing that is site specific

...⁴⁹

As a result, it is logical that Westar's analysis would not have included transmission costs when Staff's analysis did. Westar took a conservative approach when it did not include avoided transmission costs in its analysis; however, had Westar taken a less conservative approach and included avoided transmission costs instead of assuming they are zero, that "would make the program actually more beneficial because it would increase the benefits without increasing cost. Avoided cost is a benefit, so adding it in would only further the effectiveness of this particular application of the EEDR."⁵⁰

C. CURB's argument that Westar should recover the EEDR discount through base rates instead of through the EER is unreasonable and should be rejected.

Ultimately, CURB's arguments regarding the EEDR come down to the position that Westar should have to defer the cost of the EEDR discount as a regulatory asset and request recovery of

⁴⁹ Glass, Tr. at 141-142.

⁵⁰ Wolfram, Tr. at 65.

that amount in its next general rate case, rather than recovering those costs through the EER on an annual basis as it does now. This position is unreasonable.

CURB suggests that Westar should have to recover the EEDR costs through base rates because that is how the expense associated with Westar's Interruptible Service Rider ("ISR") is recovered. However, CURB fails to recognize that the EEDR and ISR are entirely different programs. As Mr. Wolfram explained, this argument "implies a comparison that isn't reasonable because they are not the same product. In other words, the operational benefits of calling on a single interruptible load in 10 minutes is a greater result for operational purposes than the result of interrupting all these ISR customers. It has different operational impacts for dealing with Westar's system conditions for Westar operators."⁵¹ Further, with the EEDR, "[e]ighty megawatts is one phone call 10 minutes away from getting a full 80 megawatts curtailable load to assist in emergency operation, whereas, the ISR is – I don't know the exact number of customers, but it is a significant number of customers and of much smaller amounts that would have to be called upon."⁵² It does not make sense to treat the ISR and EEDR the same with respect to cost recovery because "they are different products. They are different things. They don't do the same thing. They don't do it in the same amount of time and they don't deliver the same magnitude of benefits to Westar."⁵³

It would not be in customers' or Westar's best interests for Westar to defer the EEDR costs and put them in base rates. As Dr. Glass explained,

CURB wants a regulatory asset. I think Stacey, Ms. Harden, is correct, 3 1/2 years is probably right. Three and a half years at 4 million dollars is 14 million dollars. **That is a large regulatory asset that you are asking the utility to carry and it's gonna be**

⁵¹ Wolfram, Tr. at 51.

⁵² Wolfram, Tr. at 73.

⁵³ *Id.* at 74.

paid for. It's gonna be paid for by customers, so there's that fact that customers are not going – **by making the switch that CURB is suggesting, customers are not going to avoid any costs.** As a matter of fact, the costs will probably -- it's gonna be 14 plus there's going to be carrying charges or something in there, so they are not avoiding any costs. Now, I don't think it makes any difference to Occidental because I don't think they care one way or the other except they don't have to worry about ever being called, although I don't think they worry a lot about that right now. For Westar, I mean, if I was Westar, I would not be happy about carrying a regulatory asset of 14 million dollars, I mean, something akin to 14 million dollars. You know, it's just -- it's cash flow they don't have. One of the reasons that the EEDR -- one of the things that is nice about the EEDR being collected on an annual basis is it doesn't accumulate and since it's a sizable amount of money and the thing – and it varies. I mean, it will fall. It's fallen to less than 3 million a year. Sometimes it's close to 5 million a year. That's a lot of variance. If you come into a test year and it happens to be less than 3 that test year, well, in some sense, you know, Westar is coming out on the short end of the stick there. If, on the other hand, it comes in at 5, ratepayers are kind of getting slammed. **By collecting it every year, you take care of that variance, that annual variance in Occidental's performance and so I would -- I would argue that in the long run both sides, both ratepayers and Westar, are better off with an annual collection in the EEDR, in the Energy Efficiency Rider or the EEDR than using some regulatory asset or putting it into rates** because you are probably not going to get a good average. There's a good chance you are not going to get a good average.

Glass, Tr. at 150-152 (emphasis added).

It is appropriate for the costs associated with the EEDR to be recovered through the EER because it qualifies under Commission policy as an demand response program – “that's how it got approved the first time, and nothing is different today.”⁵⁴ Staff and CURB both agree that the EEDR is a “demand response program,”⁵⁵ and the Commission has clearly indicated that demand response programs can qualify for cost recovery under a utility's energy efficiency rider if found

⁵⁴ Wolfram, Tr. at 74.

⁵⁵ Prince, Transcript at 115; Glass, Tr. at 144-145, 150, 162

to be cost-effective.⁵⁶ As discussed above, the EEDR continues to be cost-effective under the Commission's standard and qualifies for cost recovery under the EER. Therefore, the Commission should reject CURB's position regarding cost recovery and allow Westar to continue recovering the EEDR through the EER.

IV. Conclusion

The testimony in the docket demonstrates that the ESA meets the Commission's standard for approval and that the EEDR program is cost-effective and provides value to Westar and its customers. Therefore, the Commission should approve the ESA and allow the EEDR to continue as an energy efficiency program, with the related costs recovered through the EER.

Respectfully submitted,


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⁵⁶ Order Following Collaborative, Docket No. 08-GIMX-442-GIV, ¶ 201 (April 13, 2009) ("the term energy efficiency as used here includes using less energy at any time, including at times of peak demand through demand response and peak shaving efforts").

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF SHAWNEE)

ss:

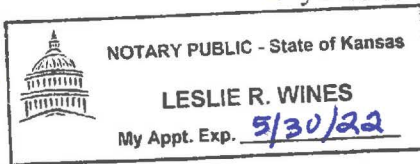
Cathryn J. Dinges, being duly sworn upon her oath deposes and says that she is one of the attorneys for Kansas Gas and Electric Company; that she is familiar with the foregoing **Initial Brief**; and that the statements therein are true and correct to the best of her knowledge and belief.

Cathryn Dinges
Cathryn J. Dinges

SUBSCRIBED AND SWORN to before me this 24th day of October, 2018.

Leslie R. Wines
Notary Public

My Appointment Expires: 5/30/22



CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed, this 24th day of October 2018, to all counsel of record.

Cathryn Dinges
Cathryn J. Dinges