

BEFORE THE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the General Investigation )  
To Examine Issues Surrounding Rate )  
Design for Distributed Generation ) KCC Docket No. 16-GIME-403-GIE  
Customers )

TESTIMONY IN OPPOSITION TO NON-UNANIMOUS  
STIPULATION AND AGREEMENT

CARY CATCHPOLE

RE: DG POLICY CONSIDERATIONS

ON BEHALF OF  
THE CITIZENS' UTILITY RATEPAYER BOARD

June 20, 2017

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

2 A. My name is Cary Catchpole, and my business address is 1500 SW Arrowhead Road,  
3 Topeka, Kansas, 66604.

4

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

6 A. I am an economist and accountant in the field of public utility regulation.

7

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

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

11

12 **Q. Please describe your educational background.**

13 A. I graduated from Washburn University in Topeka, Kansas, in 2001 with a Bachelor of  
14 Business Administration *magna cum laude*, which included an emphasis in Finance. I  
15 recently earned a Master's Certificate in Public Utility Regulation & Economics from  
16 New Mexico State University in May 2017.

17

18 **Q. Please summarize your professional experience.**

19 A. I joined the Citizens' Utility Ratepayer Board ("CURB") as a Regulatory Analyst in May  
20 of 2016. Prior to joining CURB, I worked as an economic developer with the Kansas  
21 Department of Commerce for 15 years in numerous capacities, including research  
22 analysis, business development representation, assistant management of workforce  
23 training and education, and incentive program management.

1 **Q. Have you previously testified before the Commission?**

2 A. Yes, I offered testimony previously in KCC Docket No. 16-SPEE-497-RTS.

3

4 **Q. Did you previously file testimony in this proceeding?**

5 A. I filed Initial Comments on Distributed Generation (“DG”) policy matters on behalf of  
6 the Citizen’s Utility Ratepayer Board (“CURB”) on March 17, 2017. My comments  
7 addressed issues affecting DG policy and presented CURB’s recommendations for  
8 consideration in the advancement of DG policy in Kansas.

9

10 **Q. Please summarize the recommendations contained in your Comments.**

11 A. In my initial Comments, I recommended that the Kansas Corporation Commission  
12 (“KCC” or “Commission”) recognize that DG’s inherent reliability issues present  
13 challenges to the standard utility model in place, and prevailing rate design may not be  
14 allowing for proper cost recovery from customers that utilize DG. I recommended that it  
15 is necessary for the Commission to undertake analyses to determine overall (or net) DG  
16 value because of DG’s ability to provide system benefits that contribute to lower grid  
17 outlays while simultaneously imposing system-wide costs. My recommendations  
18 emphasize assessment approaches that apply standard cost-based energy utility valuation  
19 tools, and would include employing benefit-cost analysis methodology as well as RIM  
20 and TRC stakeholder tests. In my comments, I expressed concern that it is better to set  
21 rates from a cost basis originally in order to avoid a potential rate shock when adjusting  
22 later. I also recommended that transparency and communication to the consumer is  
23 essential, and will help in facilitating the process.

1           Additionally, I noted in my comments that the small number of DG customers  
2 that exist in Kansas are representative of the larger national consumer group that support  
3 energy produced from renewable energy sources such as solar or wind. I expressed  
4 concern that as DG technology advances, DG policy development in Kansas will increase  
5 in importance. My comments recommend to apply policy once a solid planning  
6 foundation is in place and sufficient information is gathered.

7  
8 **Q. Since your Comments were filed, have the parties engaged in settlement discussion?**

9 A. Yes, the parties to this case have engaged in multiple settlement discussions that have  
10 resulted in a Non-Unanimous Stipulation and Agreement (“the Stipulation”). While the  
11 Stipulation has adequately addressed a number of policy and rate design issues in this  
12 docket, CURB finds it did not satisfactorily address the necessity of conducting benefit-  
13 cost analysis studies to be performed complementary to cost of service studies for  
14 Distributed Generation customers. My testimony addresses the Stipulation relating to  
15 DG policy considerations. CURB witness Brian Kalcic is providing testimony  
16 addressing DG rate design.

17  
18 **Q. Did you personally participate in the settlement negotiations that resulted in the**  
19 **Stipulation?**

20 A. Yes, I did personally participate in settlement negotiations, along with Brian Kalcic and  
21 counsel from CURB.

1 **Q. Can you please summarize the terms of the Non-Unanimous Stipulation and**  
2 **Agreement?**

3 A. The Stipulation proposes to resolve all policy issues related to residential DG tariff  
4 design. In particular, parties to the Non-Unanimous Stipulation and Agreement have  
5 agreed that a class cost of service study provides sufficient support for residential DG  
6 tariff design, and that a value of resource study or DG benefit-cost analysis is not needed  
7 to set rates. However, to the extent that the Commission orders a value of resource study  
8 to be completed in a future proceeding as part of the DG ratemaking process, the parties  
9 have agreed that the study should be utility-specific and include only quantifiable market-  
10 based costs and benefits.

11 The Stipulation states that DG customers should be uniquely identified within the  
12 ratemaking process because of their potentially different usage characteristics. In  
13 addition, a customer education program must be implemented as soon as possible in the  
14 event a new DG rate structure is ordered. All DG rate design policy is deemed to be  
15 determined in this case, and the Stipulation gives utilities the authority to move forward  
16 with DG rate design based upon the principles of the docket.

17

18 **Q. What element(s) of the Stipulation does CURB oppose?**

19 A. CURB opposes paragraph 13 of the Stipulation. Paragraph 13 of the Stipulation reads as  
20 follows:

21 Rates for private residential DG customers should be cost-based and any  
22 unquantifiable value of solar resource approach should not be considered  
23 when setting rates. A class cost of service study provides sufficient  
24 support for design of a residential private DG tariff (as identified above in

1 paragraph 11), and no further study is necessary for the purpose of this  
2 docket.

3  
4 Particularly, CURB suggested that parties delete the phrase “A class cost of service study  
5 provides sufficient support for design of a residential private DG tariff (as identified  
6 above in paragraph 11). . .” from paragraph 13. The phrase in question effectively deems  
7 DG benefit-cost analyses to be unnecessary. CURB would prefer that the Stipulation not  
8 address the question of whether a DG benefit-cost analysis should be conducted in a  
9 future rate proceeding as part of the DG ratemaking process. I will address this issue in  
10 relation to DG policy, and Brian Kalcic will address the rate design considerations.

11  
12 **Q. Why is benefit-cost analysis important for DG policy?**

13 A. Benefit-cost analysis based on direct and quantifiable values is important to the process  
14 of establishing DG policy for the following reasons:

- 15 • DG provides benefits and introduces costs to the system,
- 16 • Recognizing a net benefit (or net cost) value through analysis will avoid class  
17 cross-subsidization, and
- 18 • DG is an element of the wider class of Distributed Energy Resources (including  
19 energy efficiency and demand response) that utilize benefit cost analysis tests to  
20 show cost effectiveness.

21 In this generic proceeding, the Commission has encouraged the examination of  
22 DG costs as well as benefits. CURB maintains that cost benefit analysis is critical to  
23 better understanding the net value that DG offers the total electric system. Forgoing this  
24 activity will preclude the Commission from determining a conclusive net DG value, and

1           undermine protections for both non-participants and participants against subsidization of  
2           DG customer investments.

3

4   **Q.    What do you recommend?**

5   A.    I recommend the Commission order utilities to conduct DG benefit-cost analysis in  
6           conjunction with any future rate case that involves DG, including any case that includes a  
7           proposal by a utility to adjust rates for DG customers.

8


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

10   A.    Yes, it does.

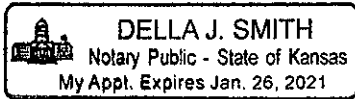
**VERIFICATION**

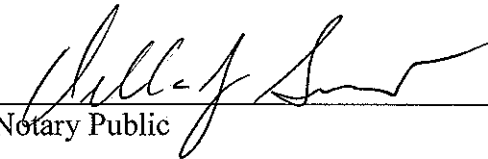
STATE OF KANSAS                    )  
  ) ss:  
COUNTY OF SHAWNEE            )

I, Cary Catchpole, of lawful age and being first duly sworn upon my oath, state that I am a 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.

  
\_\_\_\_\_  
Cary Catchpole

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of June, 2017:



  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2021.



**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 20<sup>th</sup> day of June, 2017, to the following parties:

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