

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of]
Westar Energy, Inc. and Kansas Gas and] KCC Docket No. 18-WSEE-328-RTS
Electric Company for Approval to Make Certain]
Changes in their Charges for Electric Services]

CROSS-ANSWERING TESTIMONY OF
BRIAN KALCIC

ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD

June 22, 2018

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

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

3

4 **Q. Are you the same Brian Kalcic who filed direct testimony in this docket on June 11,**
5 **2018?**

6 A. Yes.

7

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

9 A. I will comment on the class cost of service and/or class revenue allocation positions of the
10 following witnesses: 1) Mr. Larry Blank, testifying on behalf of the United States
11 Department of Defense and all other Federal Executive Agencies (“DoD/FEA”); 2) Mr.
12 Michael P. Gorman, testifying on behalf of the Kansas Industrial Consumers Group, Inc.
13 (“KIC”); and 3) Dr. Robert H. Glass, testifying on behalf of Staff.

14

15 **DoD/FEA Witness Blank**

16 **Q. On pages 6-10 of his direct testimony, Mr. Blank discusses certain alleged deficiencies**
17 **in the Company’s filed AED/4CP COSS. Mr. Blank recommends that the**
18 **Commission order Westar to address such alleged deficiencies in its compliance filing**
19 **so as to produce a COSS with reliable results. Do you have any comment?**

20 A. Yes. CURB takes no position with respect to the alleged deficiencies in the Company’s
21 COSS cited by Mr. Blank. At best, however, Mr. Blank’s recommendations, if
22 implemented, would produce cost-of-service results that follow from a “correct”
23 application of the AED/4CP cost methodology to Westar’s system.

1 **Q. Has the KCC adopted the AED/4CP cost methodology advocated by Mr. Blank in a**
2 **litigated electric rate proceeding?**

3 A. Counsel advises that it has not.
4

5 **Q. Does the AED/4CP cost methodology produce results consistent with the KCC-**
6 **approved BIP cost methodology?**

7 A. No, because the AED/4CP method fails to give weight to class energy use when allocating
8 production plant to rate classes.
9

10 **Q. Should the Commission rely upon DoD/FEA’s corrected AED/4CP cost methodology**
11 **to evaluate alternative class revenue allocation proposals in this case?**

12 A. No.
13

14 **Q. Does Mr. Blank sponsor an alternative class revenue allocation proposal?**

15 A. Yes. With respect to the Company’s Step 1 rate decrease, Mr. Blank recommends that
16 those classes with current rates of return below the Company’s approved rate of return
17 should not receive a decrease. For the Step 2 rate change, he recommends that “no class
18 should receive a rate increase that causes their implied cost-based rate of return to exceed
19 1.25 times the Company’s approved, cost-based rate of return.”¹
20

21 **Q. What COSS does Mr. Blank propose that the Commission use to implement his class**
22 **revenue allocation proposal?**

¹ See the Direct Testimony of Larry Blank at page 13.

1 A. Mr. Blank states that the “starting point” should be a COSS that produces reliable results.

2

3 **Q. Does Mr. Blank believe that the Company’s filed COSS produces reliable results?**

4 A. No. However, Mr. Blank adds that until such time as the Commission orders Westar to
5 implement his recommended changes to the Company’s cost study, the Commission will
6 have to rely upon the results of Westar’s COSS.

7

8 **Q. Would it be appropriate for the Commission to use the results of either DoD/FEA’s
9 corrected AED/4CP cost methodology or Westar’s filed AED/4CP COSS to implement
10 Mr. Blank’s class revenue allocation guidelines?**

11 A. No, since both cost studies utilize the AED/4CP cost methodology.

12

13 **KIC Witness Gorman**

14 **Q. On page 31 of his direct testimony, Mr. Gorman recommends shifting approximately
15 \$234,000 of the Company’s proposed Step 1 ILPS class revenue requirement to other
16 rate classes that are currently priced below cost of service, based on the Company’s
17 cost-of-service study. Is KIC’s proposed shift in class revenue responsibility
18 appropriate?**

19 A. No. As previously discussed, the Company’s AED/4CP cost methodology is inconsistent
20 with the KCC-approved BIP cost methodology. Consequently, the KCC should not rely
21 upon the Company’s COSS results when determining final class revenue requirement levels
22 in this case.

1 **Staff Witness Glass**

2 **Q. Mr. Kalcic, have you reviewed the class revenue allocation proposals sponsored in the**
3 **direct testimony of Dr. Glass?**

4 A. Yes, I have.

5
6 **Q. How did Dr. Glass arrive at Staff's proposed Step 1 and Step 2 class revenue**
7 **allocations in this proceeding?**

8 A. Dr. Glass used the results of Staff's filed COSS, tempered by gradualism considerations, to
9 develop Staff's proposed revenue allocation proposals. In particular, Dr. Glass assigned a
10 uniform Step 1 decrease to each class based on existing class revenues. For Step 2, Dr.
11 Glass assigned a uniform increase to those rate classes that exhibited a relative rate of
12 return less than 1.0. As such, the LGS, Schools & Churches, ILP, LTM and ICS rate classes
13 receive no increase under Staff's Step 2 revenue allocation proposal.

14

15 **Q. Does Dr. Glass indicate whether Staff's proposals result in a movement toward**
16 **equalizing class rates of return?**

17 A. Yes. On page 24 of his direct testimony, Dr. Glass states that Staff's class revenue
18 allocation provides for a "partial" movement toward equalizing class rates of return, based
19 on Staff's COSS.

20

21 **Q. Do you agree that Staff's combined Step 1 & 2 revenue allocation proposal provides**
22 **for partial movement toward equalizing class rates of return, as suggested by Dr.**
23 **Glass?**

1 A. No. Table 1 below shows class rates of return at present rates (columns 1-2) and at Staff’s
 2 proposed, i.e., combined Step 1 & 2, revenue levels (columns 3-4), based on Staff’s COSS.
 3 A comparison of columns 2 and 4 of Table 1 indicates that Westar’s rate classes do not
 4 exhibit movement toward equalizing class rate of return under Staff’s combined Step 1 & 2
 5 revenue allocation proposal.

7 **TABLE 1**

8 **Summary of Class Rates of Return at Present Rates**
 9 **and at Staff’s Proposed Revenue Levels**
 10 **Basis: Staff COSS**

<i>Class</i>	<i>Existing Revenues</i>	<i>Relative ROR</i>	<i>Staff Proposed Revenues</i>	<i>Relative ROR</i>
	(1)	(2)	(3)	(4)
Residential	6.06%	0.78	11.44%	1.62
RS-DG	9.27%	1.19	1.51%	0.21
SGS	5.79%	0.74	12.41%	1.76
MGS	6.78%	0.87	9.94%	1.41
LGS	11.32%	1.45	-1.78%	-0.25
Schools & Churches	10.91%	1.40	-1.99%	-0.28
ILP/LTM/ICS/ Lighting	12.75%	1.64	-6.17%	-0.87
Total Company	7.79%	1.00	7.06%	1.00

11 Source: Pages 1-2 of Exhibit DJM-E1, corrected per errata filing.

12

13 **Q. How should the KCC modify Staff’s proposed revenue allocation in order to better**
 14 **reflect class cost of service indications, based on Staff’s COSS?**

15 A. Within the context of Staff’s overall revenue allocation proposal, I recommend that the
 16 KCC modify only Staff’s proposed Step 2 revenue allocation. In particular, I recommend

1 that the KCC approve assigning those classes that exhibit a relative rate of return less than
 2 1.0 in column 4 of Table 1, a uniform Step 2 increase.

3

4 **Q. How would your recommendation modify Staff’s Step 2 revenue allocation proposal?**

5 A. As shown in Table 2 below, CURB’s proposal would shift approximately \$5.0 million of
 6 revenue responsibility **from** the Residential, SGS and MGS classes **to** the LGS, Schools &
 7 Churches, ILP, LTM and ICS rate classes, compared to Staff’s proposed Step 2 revenue
 8 allocation.

9

10

TABLE 2

11

**Comparison of Staff’s Step 2 Revenue Allocation to
 CURB’s Revised Step 2 Allocation
 Basis: Staff COSS**

12

13

<i>Class</i>	<i>Staff Step 2 Increase</i>	<i>Revised Step 2 Increase</i>
	(1)	(3)
Residential	\$2,796,734	
RS-DG	\$792	\$2,843
SGS	\$1,326,178	
MGS	\$749,454	
Schools & Churches		\$644,580
LGS/ILP/LTM/ICS/ Lighting	<u>\$119,454</u>	<u>\$4,345,189</u>
Total Company	\$4,992,612	\$4,992,612

14

15

16 **Q. Does this conclude your cross-answering testimony?**

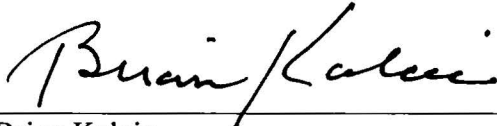
17 A. Yes.

18

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 21st day of June, 2018.



Notary Public

My Commission expires: 08/29/2020

ANDRIA HUTCHISON
Notary Public - Notary Seal
State of Missouri
St. Louis County
My Commission Expires 08-29-2020
Commission # 16813307

CERTIFICATE OF SERVICE

18-WSEE-328-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 22nd day of June, 2018, to the following:

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

KURT J. BOEHM, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
kboehm@bkllawfirm.com

JODY KYLER COHN, ATTORNEY
BOEHM, KURTZ & LOWRY
36 E SEVENTH ST STE 1510
CINCINNATI, OH 45202
jkylercohn@bkllawfirm.com

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

DANIEL R. ZMIJEWSKI
DRZ LAW FIRM
9229 WARD PARKWAY STE 370
KANSAS CITY, MO 64114
dan@drzlawfirm.com

DAVID BENDER
EARTHJUSTICE
3916 Nakoma Road
Madison, WI 63711
dbender@earthjustice.org

SHANNON FISK, ATTORNEY
EARTHJUSTICE
1617 JOHN F KENNEDY BLVD
SUITE 1675
PHILADELPHIA, PA 19103
sfisk@earthjustice.org

JILL TAUBER
EARTHJUSTICE
1625 Massachusetts Ave., NW
Suite 702
Washington, DC 20036
jtauber@earthjustice.org

ELIZABETH A. BAKER
6610 SW 29th St.
Topeka, KS 66614
betsy@bakerlawks.com

GREG WRIGHT
EMG, INC.
420 NE LYMAN RD.
TOPEKA, KS 66608
greg@emgnow.com

DAVID BANKS, CEM, CEP
FLINT HILLS ENERGY CONSULTANT
117 S PARKRIDGE
WICHITA, KS 67209
david@theconsultants.net

MATTHEW H. MARCHANT
HOLLYFRONTIER CORPORATION
2828 N HARWOOD STE 1300
DALLAS, TX 75201
matthew.marchant@hollyfrontier.com

DARIN L. RAINS
HOLLYFRONTIER CORPORATION
2828 N Harwood, Ste. 1300
Dallas, TX 75201
darin.rains@hollyfrontier.com

JUSTIN WATERS, Energy Manager
JUSTIN WATERS
USD 259 School Serv. Cntr.
3850 N. Hydraulic
Wichita, KS 67219
jwaters@usd259.net

PHOENIX ANSHUTZ, LITIGATION
ATTORNEY
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
p.anshutz@kcc.ks.gov

MICHAEL DUENES, ASSISTANT GENERAL
COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
m.duenes@kcc.ks.gov

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

TIMOTHY MAXWELL, Vice President,
Specialty Finance
KEF UNDERWRITING & PORTFOLIO
MGMT.
1000 South McCaslin Blvd.
Superior, CO 80027
timothy_maxwell@keybank.com

KEVIN HIGGINS
KEVIN C. HIGGINS
PARKSIDE TOWERS
215 S STATE ST STE 200
SALT LAKE CITY, UT 84111
khiggins@energystrat.com

MATTHEW B. McKEON, SVP & Senior
Counsel II
KEY EQUIPMENT FINANCE
17 Corporate Woods Blvd.
Albany, NY 12211
matthew.b.mckeon@key.com

AMY G. PAINE, SVP Asset Mgmt.
KEY EQUIPMENT FINANCE
1000 South McCaslin Blvd.
Superior, CO 80027
amy.g.paine@key.com

GENE CARR, CO-CEO
NETFORTRIS ACQUISITION CO., INC.
6900 DALLAS PKWY STE 250
PLANO, TX 75024-9859
gcarr@telekenex.com

SUNIL BECTOR, ATTORNEY
SIERRA CLUB
2101 WEBSTER, SUITE 1300
OAKLAND, CA 94312-3011
sunil.bector@sierraclub.org

ANDREW J. FRENCH, ATTORNEY AT LAW
SMITHYMAN & ZAKOURA, CHTD.
7400 W 110TH ST STE 750
OVERLAND PARK, KS 66210-2362
andrew@smizak-law.com

DIANE WALSH, PARALEGAL
SMITHYMAN & ZAKOURA, CHTD.
7400 W 110TH ST STE 750
OVERLAND PARK, KS 66210-2362
DIANE@SMIZAK-LAW.COM

JAMES P. ZAKOURA, ATTORNEY
SMITHYMAN & ZAKOURA, CHTD.
7400 W 110TH ST STE 750
OVERLAND PARK, KS 66210-2362
jim@smizak-law.com

TOM POWELL, General Counsel-USD 259
TOM POWELL
903 S. EDGEMOOR
Wichita, KS 67218
tpowell@usd259.net

JOHN M. CASSIDY, General Counsel
TOPEKA METROPOLITAN TRANSIT
AUTHORITY
201 N. Kansas Avenue
Topeka, KS 66603
jcassidy@topekametro.org

AMY FELLOWS CLINE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
amycline@twgfirm.com

TIMOTHY E. MCKEE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
TEMCKEE@TWGFIRM.COM

EMILY MEDLYN, GENERAL ATTORNEY
U.S. ARMY LEGAL SERVICES AGENCY
REGULATORY LAW OFFICE
9275 GUNSTON RD., STE. 1300
FORT BELVOIR, VA 22060-5546
emily.w.medlyn.civ@mail.mil

KEVIN K. LACHANCE, CONTRACT LAW
ATTORNEY
UNITED STATES DEPARTMENT OF
DEFENSE
ADMIN & CIVIL LAW DIVISION
OFFICE OF STAFF JUDGE ADVOCATE
FORT RILEY, KS 66442
kevin.k.lachance.civ@mail.mil

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


ANDREW B. YOUNG, ATTORNEY
MAYER BROWN LLP
1999 K STREET NW
WASHINGTON, DC 20006
ayoung@mayerbrown.com

DAVID L. WOODSMALL
WOODSMALL LAW OFFICE
308 E HIGH ST STE 204
JEFFERSON CITY, MO 65101
david.woodsmall@woodsmalllaw.com

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

FRANK A. CARO, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
fcaro@polsinelli.com

ANDREW O. SCHULTE, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
aschulte@polsinelli.com



Della Smith
Administrative Specialist