

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of]
The Empire District Electric Company for] KCC Docket No. 19-EPDE-223-RTS
Approval of the Commission to Make Certain]
Changes to its Charges for Electric Service]

CROSS-ANSWERING TESTIMONY OF
BRIAN KALCIC

ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD

May 20, 2019

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 May 13,**
5 **2019?**

6 A. Yes.

7

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

9 A. I will respond to the direct testimony of Ms. Crystal D. Turner on behalf of Kansas Gas
10 Service (“KGS”).

11

12 **KSG Witness Turner**

13 **Q. What portion of Ms. Turner’s direct testimony do you wish to address?**

14 A. On pages 9-10 of her direct testimony, Ms. Turner recommends that the Commission
15 consolidate Empire’s Residential General Service (“RG”), Residential General – Water
16 Heating Service (“RGW”), and Residential Total Electric Service (“RH”) customers on a
17 single rate schedule at the conclusion of this case. Similarly, Ms. Turner recommends that
18 the Commission consolidate Empire’s Commercial Service (“CB”) and Small Heating
19 Service (“SH”) customers on a single rate schedule.

20

21 **Q. What is the basis for Ms. Turner’s rate consolidation proposals?**

22 A. Ms. Turner argues that (i) Empire’s residential RG subclass is subsidizing the Company’s
23 RGW and RH subclasses, and (ii) Rate CB customers are subsidizing Rate SH customers.

1 Ms. Turner also claims that Empire is intentionally ignoring such subsidization for load
2 building and/or fuel switching purposes. In order to eliminate any possibility of these
3 subsidies continuing, KGS is proposing to consolidate Empire’s residential and small
4 general service (“SGS”) rate schedules at the conclusion of this proceeding.

5

6 **Q. Do you agree that RG customers are subsidizing RGW and RH customers?**

7 A. In part. I agree that Staff’s cost-of-service study (COSS) shows that the RGW and RH
8 subclasses are providing a lower rate of return than the RG subclass. However, the RG
9 subclass is also providing a rate of return that is slightly below the system average. In that
10 respect, it would be more accurate to state that the RGW and RH subclasses are currently
11 more heavily subsidized than the RG subclass on Empire’s system.

12

13 **Q. Do you agree that such subsidization indicates that Empire’s residential rate
14 schedules should be consolidated at this time?**

15 A. No. The fact that a rate class (or subclass) may be receiving a subsidy at a given point in
16 time is not sufficient justification for rate consolidation, i.e., terminating service to that
17 class via a separate rate schedule.

18

19 **Q. Why do utilities maintain separate rate schedules?**

20 A. Utilities maintain separate rate schedules for customer classes due to the underlying
21 differences in the cost to serve different types of customers.

22

23 **Q. In that case, under what circumstance would rate consolidation be appropriate?**

1 A. Rate consolidation would be appropriate only in the case where it was determined that the
2 total cost to serve two or more rate classes (i.e., \$/kWh at *full* cost of service) was not
3 materially different across the classes.

4
5 **Q. Has KGS established that Empire's total cost to serve RG, RGW and RH customers
6 are essentially equivalent?**

7 A. No.

8

9 **Q. Has KGS established that Empire's total cost to serve CB and SH customers are
10 essentially equivalent?**

11 A. No, it has not.

12

13 **Q. Mr. Kalcic, should the Commission adopt KGS's rate consolidation proposals?**

14 A. No, since KGS has not provided evidence that residential and SGS rate consolidation is
15 appropriate at this time. Instead, CURB would recommend that Empire set the levels of its
16 proposed RGW, RH and SH discounts in future rate proceedings based on quantified
17 differences in class cost of service.

18

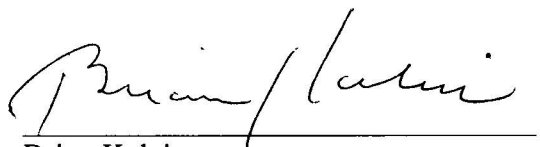
19 **Q. Does this conclude your cross-answering testimony?**

20 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 17 day of May, 2019.



Notary Public

My Commission expires: 3/19/21

TREVOR J. MCGONNELL
Notary Public - Notary Seal
State of Missouri
St. Louis City
My Commission Expires 03-19-2021
Commission # 16369275

CERTIFICATE OF SERVICE

19-EPDE-223-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 20th day of May, 2019, to the following:

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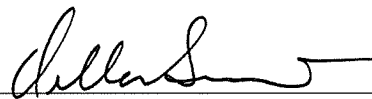
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