Exhibit No.: 234
Issues: *Bad Debt Expense, Customer Growth, Incentive Compensation*
Witness: *Matthew R. Young*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2016-0285*
Date Testimony Prepared: *December 30, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

MATTHEW R. YOUNG

P

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

Jefferson City, Missouri
December 2016

** **Denotes Highly Confidential Information** **

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OF

MATTHEW R. YOUNG

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

REBUTTAL TESTIMONY

OF

MATTHEW R. YOUNG

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

Q. Please state your name, employment position, and business address.

A. Matthew R. Young, Utility Regulatory Auditor with the Missouri Public Service Commission ("Commission" or "PSC"), Fletcher Daniels State Office Building, 615 East 13th Street, Room 201, Kansas City, Missouri 64106.

Q. Are you the same Matthew R. Young who has previously provided testimony in this case?

A. Yes. I contributed to Staff's Cost of Service Report filed in the Kansas City Power & Light Company ("KCPL") rate case designated as Case No. ER-2016-0285 on November 30, 2016.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to the direct testimony of KCPL witness Ronald A. Klote on the subjects of incentive compensation,[1] bad debt expense,[2] and forfeited discount revenue.[3] I will also provide an update of the status of Staff's customer growth revenue adjustment.

EXECUTIVE SUMMARY

Q. Please summarize your rebuttal testimony.

[1] Klote direct, page 43.
[2] Klote direct, pages 35 and 36.
[3] Klote direct, page 30.

A. I will respond to KCPL's request to recover incentive compensation expense based on a projected payout that is to be made in the first quarter 2017. The projected payout is based on employee levels that are not known and measurable as of the true-up date in this case, December 31, 2016. Additionally, a portion of KCPL's projected incentive compensation expense is based on KCPL's investments in its non-regulated business affiliates, Transource Energy, LLC and GXP Investments, Inc. (formerly KLT Inc.).

I will respond to KCPL's request to recover bad debt expense in excess of the annualized level of bad debt expense calculated in this case. KCPL's request to include bad debt expense associated with future levels of revenue is commonly referred to as bad debt "factor up" or "gross up." Staff recommends that this projected expense not be included in KCPL's cost of service. No direct correlation exists between an increase in rates and bad debt expense to justify including additional bad debt expense based on the amount of the requested rate increase. This adjustment is not "known and measurable" and is an out-of-period adjustment that goes beyond the true-up period in this case.

By the same token, KCPL's request to factor up late payment revenue based on the ordered rate increase (or decrease) should also be denied. No direct correlation exists between retail revenues and late payment revenue to justify including additional late payment revenue based on the amount of the requested rate increase.

INCENTIVE COMPENSATION

Q. Please summarize Staff's position on incentive compensation expense.

A. Staff recommends that the level of incentive compensation expense to be included in KCPL's rates should be calculated by averaging the actual incentive compensation payouts for the plan years 2012, 2013, and 2015. Staff's normalized incentive compensation is based upon historical (actual) payouts; therefore, it is formulated using known and measurable expenses.

Q. Why didn't Staff include payouts for the plan year 2014 in its normalization?

A. KCPL's short-term incentive compensation program, titled ValueLink, included metrics tied to earnings per share ("EPS") from 2012 through 2015, which is in contrast to the 2016 ValueLink plan that does not have an EPS metric. The removal of the EPS metric in the 2016 plan makes prior ValueLink payouts less comparable to the current plan. However, during the plan years 2012, 2013, and 2015 KCPL ** ____ ** The consideration of EPS-related incentive compensation payouts is relevant because the Commission does not typically support recovering EPS incentive compensation payouts from ratepayers. The Commission discussed EPS-related incentive compensation on page 58 of its Report and Order in KCPL Case No. ER-2006-0314:

> KCPL requests that all of its incentive compensation be included in [the] cost of service. Staff objects, stating that roughly 35% of the costs should be disallowed on the grounds that it is either tied to earning per share (EPS), and thus has negligible, if any, benefit to ratepayers, or is awarded for vague reasons.

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> The Commission finds that the competent and substantial evidence supports Staff's position, and finds this issue in favor of Staff. As far as compensation tied to EPS, the Commission notes that KCPL management has the right to set such goals. However, because maximizing EPS could compromise service to ratepayers, such as by reducing customer service or tree-trimming costs, the ratepayers should not have to bear that expense. What is more, because KCPL is owned by Great Plains Energy, Inc., and because GPE has an unregulated asset, Strategic Energy L.L.C., it follows that KCPL could achieve a high EPS by ignoring its Missouri ratepayers in favor of devoting its resources to Strategic Energy.

Q. Does Staff's normalization include any part of the incentive compensation plan in effect for 2016?

A. No. The incentive compensation earned in each plan year is not paid out until the first quarter of the following calendar year; thus the incentive compensation earned for plan year 2016 will not be paid until the first quarter 2017. Since the true-up date in this rate case is December 31, 2016, Staff considers the payout for plan year 2016 to be out-of-period. Furthermore, ** ____ ** While the incentive compensation payout amount for the 2016 ValueLink plan is out-of-period and not known

[4] See p. 1 of Schedule RAK-22 in the Rebuttal Testimony of Ronald A. Klote in Case No. ER-2016-0156.

and measurable, Staff expects its normalized incentive compensation expense to be a representative level of expense for this component of KCPL's cost of service.

Q. Does Staff have other concerns with KCPL's projected payout?

A. Yes. KCPL's projected expense is based on 100% achievement of the metrics contained in the 2016 ValueLink plan. One of the metrics in the 2016 plan is the level of KCPL's investment in Transource and KLT. These two companies are KCPL affiliates whose rates are not regulated by this Commission. As such, any amounts of incentive compensation related to non-regulated operations should not be included in the cost of service calculation for KCPL. Although Staff did not include the 2016 ValueLink plan in its normalized expense, Staff is opposed to including an expense in KCPL's Missouri revenue requirement that is not directly related to KCPL providing electric service to its Missouri customers. KCPL's incentive compensation expense, based on the level of KCPL's investment in Transource and KLT, is not directly related to KPCL providing electric service to its Missouri customers. Furthermore, KCPL's decision to include a metric in the 2016 ValueLink plan that creates an incentive to use its resources to invest in businesses that do not exist to directly serve KCPL's Missouri customers and creates a risk that those Missouri customers may experience lesser service quality from KCPL due to the diversion of its resources to those businesses. This risk is recognized by the Commission in the above quote of the Commission's Report and Order in Case No. ER-2006-0314.

CUSTOMER GROWTH

Q. Does Staff plan to revise its revenue adjustment for customer growth as proposed in its direct filing?

A. Yes. Staff will modify its revenue adjustment for customer growth as it was included in its November 30, 2016 direct revenue requirement (Adjustment Rev – 2.6).

Q. Has Staff been in contact with KCPL regarding this proposed modification?

A. Yes. After the direct revenue requirement was filed, Staff has had discussions with KCPL regarding the need to modify the customer growth adjustment.

Q. Why is there a need for Staff to modify its customer growth adjustment?

A. After discussions with KCPL, Staff concluded that the data used to calculate customer growth does not accurately represent the actual rate of customer growth. KCPL has indicated the customer information requested by Staff in order to modify its adjustment takes considerable time to verify and validate, which is why the information was unavailable at the cut-off period of June 30, 2016. The Company has committed to provide the additional customer information for the December 31, 2016 true-up period, which will enable Staff to further evaluate the data available to calculate the customer growth adjustment.

<u>BAD DEBT EXPENSE</u>

Q. Please summarize Staff's position with regard to bad debt expense.

A. Staff is opposed to KCPL's request to recover bad debt expense in excess of the annualized level of bad debt expense calculated in this case. KCPL's request to include an adjustment for bad debt expense associated with the revenue requirement increase is commonly referred to as bad debt "factor up" or "gross up." KCPL has included an additional $537,237 of Missouri jurisdictional bad debt on its direct filed revenue requirement. Similarly, KCPL's requested level of forfeited discounts is "grossed up" for the requested increase in revenues. These adjustments are based on the assumption that the Commission will grant the full revenue increase requested by KCPL. Should the Commission decide another amount to increase existing rates, the factor-up amounts sought by KCPL will presumably change.

KCPL's rationale for making this request regarding bad debt expense is based on the assumption that any increase in revenue requirement granted by the Commission will cause bad debt expense to also proportionally increase. KCPL's revenue requirement assumes that for every dollar increase in revenues there will be a corresponding direct increase to bad debts. However, KCPL has not demonstrated a direct correlation between the level of rates and the percentage of bad debts that would justify the reflection of increased bad debt expense in rates. KCPL's assumption is speculative and is not based upon known and measurable data. After reviewing actual results of past rate case increases, Staff has found no corresponding increases of bad debts after an increase in revenues. In fact, there are many occurrences when bad debts decline at the time revenues increase.

Staff has based its recommendation on actual historical levels of bad debt. Staff concludes that there is no direct correlation between bad debts and the level of rate increases, or even the level of revenue growth of KCPL. Staff's analysis of the actual net write-offs to related revenues (depicted in the attached charts and graphs) indicates that bad debt expense sometimes decreases when levels of rates and revenues increase. Other times, changes in bad debt expense are not directly proportional to the levels of rate and revenue increases, even when both factors are increasing or decreasing.

Staff recommends that the Commission deny KCPL's request to adopt KCPL's proposed bad debt "factor up" for bad debts and also not include a "factor up" of late payment fees. However, should the Commission grant KCPL's request to speculatively "factor up" bad debt expense proportionate with an increase in revenue requirement, Staff recommends it also order a "factor-up" of forfeited discounts (late payment fees) that will increase as result of the rate increase. KCPL included a factor up for late payment fee revenue in the amount of $209,731, based on its direct filed revenue requirement. If the Commission concludes that it is reasonable and appropriate to "factor up" bad debt expense for purposes of setting rates, on the theory that KCPL will always experience a higher level of bad debts as a result of a rate increase, then it is reasonable to conclude that KCPL will also experience a higher level of late payment revenue resulting from those higher rates. To summarize, the Commission should deny both factor ups, but if bad debt expense is ordered to be factored up, then late payment fees should also be factored up.

Q. Does Staff believe that it is reasonable to assume that there will be bad debts associated with the revenue requirement increase granted in this rate case?

A. Upon examining actual historical bad debts in relationship to revenues, there usually is not an apparent causal relationship between bad debts and increases in revenues. Thus, any increase in a Company's revenues will not automatically cause bad debt expense to directly increase proportionally, on a dollar-for-dollar basis. Staff's analysis demonstrates no evidence of this direct correlation for KCPL, currently or in the past, nor has KCPL produced any evidence of such a correlation in its testimony or workpapers. In fact, at various times as revenues increased, bad debts have actually declined. In other instances, when revenues decreased, bad debts increased. The conclusion is there is no direct relationship between bad debts and revenue increases, and thus no evidence supporting KCPL's bad debt factor up.

The usual justification for use of the bad debt "factor up" is the incorrect assumption that it is necessary to match dollar-for-dollar the level of bad debt expense established in a rate case with the amount of additional revenue requirement increase approved by the

Commission. Should the factor up be granted, this additional amount of bad debt expense would be calculated and added to the annualized and normalized level of bad debt expense found reasonable for inclusion in the utility's revenue requirement. The Company proposes that the amount of any ordered bad debt "factor up" will be derived by applying the bad debt expense ratio to the expected revenue requirement increase to be granted by the Commission.

Q. Has KCPL provided any justification for its proposal to increase the revenue requirement for bad debts relating to any level of rate award approved by the Commission?

A. No. An examination of the testimony filed by KCPL demonstrates it has provided no support, explanation, or justification for its proposed bad debt factor-up. The Company has provided no analysis or detail study that supports the increased bad debt expense for additional revenues expected from this rate case. KCPL simply has not demonstrated any relationship between increases in revenues from the rate case with increases in bad debt expense.

Q. How did Staff develop its normalized bad debt expense recommendation?

A. Bad debt expense was normalized using the historical ratio between bad debt and retail revenues through June 2016. Staff applied this ratio to its weather normalized annualized revenues. This method has been used by both Staff and KCPL for several cases to normalize bad debt expense. There is no apparent disagreement between Staff and KCPL concerning this portion of bad debt expense.

Staff's adjustment is based on the relationship of actual bad debts to actual revenues. This relationship is not a projection but one that represents the actual proportion of bad debts to revenues that exists over a period of time. Staff applied this net write-off bad debt percentage to the annualized and weather-normalized revenues determined by Staff in this case. Thus, the adjusted bad debt expense is derived from actual historical bad debt ratios to annualized revenues.

Q. Why doesn't the bad debt to revenue relationship relate to the additional revenues approved by the Commission in this case?

A. While it seems rational that the ratio of bad debts to revenues would be applicable to an increase in revenue granted by the Commission, Staff, through its analysis, has determined there is no direct corresponding relationship between any amount of additional revenue increase approved by the Commission and bad debt expense.

Q. How does Staff respond to KCPL's assumption regarding a proportional increase in bad debt expense in relationship to the revenue requirement in this case?

A. Upon review of actual historical data, Staff finds KCPL's assumption of a direct corresponding relationship of bad debts and Commission authorized rate increase revenues does not hold true. In other words, the use of bad debt "factor up" implies that it is a virtual certainty that, with each dollar authorized by the Commission for the rate increase, bad debts will be increased using the same bad debt percentage proportional to historical results.

Staff's detailed analysis concludes KCPL's proposed bad debt factor up request should not be adopted in this case, nor should additional late payment fees be included based on the rate increase ordered in this case. Therefore, Staff recommends that the Commission not adopt KCPL's request.

Q. Does KCPL's request bad debt "factor up" work in the same way as an income tax "factor up"?

A. Yes. KCPL's proposed bad debt "factor up" methodology is in essence the same as the income tax "factor up." The income tax factor assumes that for every increase in earnings resulting from a rate case there will be a direct and absolute proportional increase in income taxes. This is a well-established relationship in ratemaking, and in this case both KCPL and Staff have applied an income tax "factor up" to the additional revenue requirement calculation to determine the proper level of rate increase recommended in this case. If the Commission authorizes a rate increase in this proceeding, then a corresponding income tax amount will have to be added to the additional revenue requirement amount or KCPL may not be able to recover the authorized amount of increase in revenue requirement. However, based on analysis using actual bad debts compared to actual revenues, the same assumption used for the income tax "factor up" does not hold true in regards to a bad debt "factor up". It is improper to use this factor up method for bad debt because it is clear from the analysis conducted by Staff that no such direct relationship exists between increased rates and increased bad debt expenses.

Q. What analysis has Staff performed to support the position that no direct relationship exists for bad debts in relation to additional revenue requirement for KCPL?

A. Attached to this rebuttal testimony are several schedules:

- Highly confidential Schedule MRY-r1 is a historical monthly analysis of KCPL's bad debts (net write-offs) and retail revenue levels. Listed on the schedule are the monthly revenues, along with the corresponding bad debt. The monthly percentage change in both is shown.
- Highly confidential Schedules MRY-r2 and MRY-r3 are graphical analyses of monthly retail revenues and bad debt and have been divided into time periods January 2005 through December 2011, and January 2012 through June 2016.
- Highly confidential Schedules MRY-r4 and MRY-r5 are graphical analyses of the monthly percent change in bad debts and retail revenues

for KCPL and have been divided into time periods January 2005 through December 2011, and January 2012 through June 2016.

- Highly confidential Schedules MRY-r6 and MRY-r7 are quarterly rolling percentages of bad debt compared to retail revenue for the same time periods in both numerical and graphical form.

KCPL's own historical data does not support the position that there is always a corresponding direct relationship between revenues and bad debt expense; whereby any rate increase will always result in an automatic increase in bad debt expense in the same magnitude and proportion. Staff reviewed historical revenues and bad debts over several years, yet none of those analyses produced any substantive support that a direct relationship exists between revenues and bad debts to justify inclusion of the bad debt "factor up" in this case. Staff utilized both numerical and graphical presentation in its review.

Q. What do the schedules you have provided demonstrate?

A. The information shown in the graphical analysis clearly demonstrates there is no direct relationship between bad debts and increased revenues that would have to exist to justify a bad debt "factor up" calculation. This conclusion holds true in examining the month-to-month change in bad debt and revenue, and also the quarterly rolling relationship between bad debt and revenue as shown in the attached schedules.

Q. What are some historical examples specific to KCPL when bad debts did not increase proportionately to increased revenues?

A. Staff reviewed the changes or variations that occurred between electric retail revenues and actual bad debt write-offs for the period from January 2005 through June 2016[5] (see attached schedules).

The data reviewed showed that there was no direct correlation or proportionate relationship. That is, while electric revenues increased (or decreased), actual bad debt write-offs tend to decrease (or increase) by different amounts and in different directions. In fact, during KCPL's summer peaking months,[6] there was at least one month each year where revenues and bad debts had an inverse relationship, beginning January 2007 through September 30, 2014. Even in situations where revenues and bad debts tend to move in the same direction, Staff observed that they were either increased or decreased by different and disproportionate amounts. This situation does not, in any way, support the notion that bad debt write-offs have a proportional relationship to revenues. The following table identifies several examples during the peak summer months when the increase or decrease in revenues is not consistent with the increase or decrease in bad debts:

Revenue Month, Year / Bad Debt Month, Year	Revenue Percentage Change	Bad Debt Percentage Change
July 2005 / January 2006	12.55%	-15.19%
August 2006 / February 2007	-3.15%	2.65%
June 2007 / January 2008	21.84%	-6.64%
July 2007 / January 2008	16.73%	-5.94%

[5] The approximate time to "write-off" bad debts is six months. Therefore, bad debts in a given month relate to revenues six months prior. Staff's June 30, 2016 cutoff analysis through June 30, 2016 updates through June bad debts that relate to December 2015 revenues.
[6] KCPL witness Burton L. Crawford identifies KCPL peak load periods as June through September in his Direct Testimony in Case No. ER-2016-0285, on page 8, lines 9-10.

Revenue Month, Year / Bad Debt Month, Year	Revenue Percentage Change	Bad Debt Percentage Change
August 2007 / February 2008	12.46%	-32.38%
September 2007 / March 2008	-29.50%	54.24%
July 2008 / January 2009	16.06%	-27.77%
September 2008 / March 2008	-28.02%	19.72%
July 2009 / January 2010	9.02%	-43.44%
September 2009 / March 2008	-14.75%	100.78%
June 2010 / December 2010	38.88%	-11.71%
August 2010 / February 2011	0.13%	-63.04%
September 2010 / March 2011	-31.56%	97.45%
July 2011 / January 2012	21.98%	-4.43%
July 2013 / January 2014	15.06%	-17.68%
August 2014 / February 2015	8.54%	-44.97%
September 2014 / March 2015	-31.19%	31.78%
June 2015 / December 2015	33.66%	140.51%
July 2015 / January 2016	14.33%	52.71%

Bad Debts lag 6 months from the month in which revenues are recognized.

Q. What is the significance of the January 2007 date and the summer peaking months discussed above?

A. January 2007 represents the effective date of rates of the first of four KCPL rate cases provided for in the 2005 Regulatory Plan, approved by the Commission in Case No. EO-2005-0329. The summer peaking months of June through September represent the months KCPL revenues are its highest during a given year. For KCPL's argument to hold true, bad debts would increase when revenues increased, beginning with the first rate increase effective January 1, 2007, and during its summer peaking months. Based on the table above, KCPL's argument simply does not hold true. For example, revenues increased 16.7% in January 2007, the first month of new rates in Case No. ER-2006-0314, but bad debts declined by 5.9% in July 2007, the month assumed the January revenues would be written off as bad debt.

Q. On an annual basis, what is the comparison of Missouri bad debts to revenues?

A. The ratio of bad debts to revenues has recently decreased to a level around the 2009 levels. Schedules MRY-r6 and MRY-r7 show that bad debts, as a percentage of revenues, actually decreased after each KCPL rate increase since 2006, with the exception of the rate increase resulting from Case No. ER-2009-0089. The percentage of bad debts to revenues in December 2009 was ** _______ **. As can been seen from the data, this ratio has fluctuated both up and down, and as of December 2015, the ratio is ** _______ **.

Q. What are some of the causes for bad debts?

A. There are several reasons for the incurrence of bad debts that are unrelated to the increases in revenue, including extreme weather and economic conditions. High electric bills resulting from weather (hot summers) and high energy costs (times when fuel costs are high) can affect the level of bad debt expense. Also, the economy can have a dramatic effect on consumer's ability to pay their electric bills. These are just two reasons for increases and decreases to bad debts that are completely unrelated to the increased rates approved by the Commission.

Q. What are "forfeited discounts"?

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A. Forfeited discounts are also known as "late payment fees" and are fees that KCPL charges its customers for making late payments on customer bills whenever they become due. The charges are assessed on the remainder of the unpaid bill.

Q. How are "forfeited discounts" or late payment fees booked by KCPL?

A. Late fees payments are considered additional revenue and, as such, are booked as revenue by KCPL.

Q. Did KCPL propose to "factor up" late payment fees consistent with its requested bad debt "factor up" for revenue requirements increase?

A. Yes.

Q. Has Staff performed any analysis that would support there is a relationship between increased revenues and late payment fees?

A. Yes. Attached to this rebuttal testimony, as Schedules MRY-r8, MRY-r9, and MRY-r10, is a historical monthly analysis of KCPL's late payment fees and retail revenue levels for KCPL. Contrary to Staff's bad debt analysis, the relationship between late payment fees and increased revenues appears to exist. Although the relationship between late payment fees and increased revenues is not a perfect correlation, Staff's analysis indicates the relationship is much closer to a direct correlation than the relationship of bad debt expense to increased revenues rates as KCPL would have the Commission believe.

Q. Is it consistent to treat forfeited discounts or late payment fees in the same manner as bad debt expense levels with respect to the "factor up" issue?

A. Yes. Staff recommends that if the Commission decides to grant KCPL's request to increase bad debt expense proportionate to any increase in revenue requirement, then it should also "factor up" late payment fees for the same reason. If the Commission concludes that KCPL will experience a proportionately higher level of bad debt as a result of a rate increase then it would follow that KCPL will experience a higher level of late payment revenue as well.

Q. You stated earlier that the bad debt factor up is not "known and measurable" and is an out-of-period adjustment that goes beyond the true-up period in this case. Please explain.

A. The anticipated effective date of rates in this case is near the end of May 2017. The annual revenue requirement authorized by the Commission, if any, will be collected in the following twelve months. Bad debt expense lags behind revenues by six months, so a full twelve months of bad debt expense associated with a full twelve months of revenues will not be realized until November 2018, 18 months beyond the operation of law date and 23 months beyond the true-up date in this case. In other words, KCPL's adjustment for bad debt associated with the revenue requirement attempts to include a cost in rates that may or may not be realized until 18 months beyond the change in rates, which is certainly not known and measurable.

Q. Does this conclude your rebuttal testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	))))	Case No. ER-2016-0285

AFFIDAVIT OF MATTHEW R. YOUNG

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW MATTHEW R. YOUNG and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Rebuttal; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Matt Young
MATTHEW R. YOUNG

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 29th day of December, 2016.

Beverly M. Webb
Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12464070

SCHEDULE 1 through

SCHEDULE 7

HAVE BEEN DEEMED

HIGHLY CONFIDENTIAL

IN THEIR ENTIRETY

Kansas City Power & Light Company
Case No. ER-2016-0285
Missouri Forfeited Discounts - January 2005 through September 2010

	MO Total Retail Revenue	MO Forfeited Discounts	Change in Revenues%	Change in Forfeited Discounts %	No. of Occurence **
Jan-05	$ 38,837,702	$ 99,464			
Feb-05	34,205,072	99,068	-11.93%	-0.40%	
Mar-05	36,452,702	91,310	6.57%	-7.83%	1
Apr-05	33,467,075	91,610	-8.19%	0.33%	2
May-05	41,124,531	99,293	22.88%	8.39%	
Jun-05	56,078,592	90,424	36.36%	-8.93%	3
Jul-05	63,423,544	120,039	13.10%	32.75%	
Aug-05	62,123,258	154,009	-2.05%	28.30%	4
Sep-05	49,914,183	141,496	-19.65%	-8.12%	
Oct-05	36,995,007	127,606	-25.88%	-9.82%	
Nov-05	33,911,260	90,274	-8.34%	-29.26%	
Dec-05	39,541,375	95,977	16.60%	6.32%	
Jan-06	36,303,519	110,064	-8.19%	14.68%	5
Feb-06	36,046,531	107,946	-0.71%	-1.92%	
Mar-06	36,885,006	91,305	2.33%	-15.42%	6
Apr-06	35,031,829	104,904	-5.02%	14.89%	7
May-06	43,795,018	101,807	25.01%	-2.95%	8
Jun-06	56,669,012	101,042	29.40%	-0.75%	9
Jul-06	66,884,748	137,870	18.03%	36.45%	
Aug-06	65,319,637	166,145	-2.34%	20.51%	10
Sep-06	44,499,438	147,033	-31.87%	-11.50%	
Oct-06	37,763,280	130,900	-15.14%	-10.97%	
Nov-06	34,841,131	106,639	-7.74%	-18.53%	
Dec-06	37,743,640	100,214	8.33%	-6.03%	11
Jan-07	44,261,292	137,840	17.27%	37.55%	
Feb-07	40,958,135	123,878	-7.46%	-10.13%	
Mar-07	40,012,229	129,576	-2.31%	4.60%	12
Apr-07	38,409,071	122,114	-4.01%	-5.76%	
May-07	48,099,820	124,347	25.23%	1.83%	
Jun-07	58,882,700	118,484	22.42%	-4.72%	13
Jul-07	68,723,789	149,411	16.71%	26.10%	
Aug-07	77,114,245	178,036	12.21%	19.16%	
Sep-07	55,747,736	144,756	-27.71%	-18.69%	
Oct-07	41,202,044	162,957	-26.09%	12.57%	14
Nov-07	38,859,081	127,986	-5.69%	-21.46%	
Dec-07	43,701,227	115,639	12.46%	-9.65%	15
Jan-08	45,710,932	144,412	4.60%	24.88%	
Feb-08	46,959,039	129,995	2.73%	-9.98%	16
Mar-08	43,052,464	117,191	-8.32%	-9.85%	
Apr-08	42,131,310	108,632	-2.14%	-7.30%	
May-08	48,483,145	113,720	15.08%	4.68%	
Jun-08	62,732,154	126,975	29.39%	11.66%	
Jul-08	72,765,270	158,805	15.99%	25.07%	
Aug-08	71,909,598	178,529	-1.18%	12.42%	17
Sep-08	52,639,422	208,799	-26.80%	16.96%	18
Oct-08	43,725,874	175,683	-16.93%	-15.86%	
Nov-08	39,046,805	96,750	-10.70%	-44.93%	
Dec-08	46,213,179	184,379	18.35%	90.57%	
Jan-09	47,737,364	158,946	3.30%	-13.79%	19
Feb-09	41,383,277	127,116	-13.31%	-20.03%	
Mar-09	45,155,064	100,034	9.11%	-21.30%	20
Apr-09	41,657,762	112,652	-7.75%	12.61%	21
May-09	46,511,598	121,955	11.65%	8.26%	
Jun-09	62,916,870	113,737	35.27%	-6.74%	22
Jul-09	69,202,559	146,391	9.99%	28.71%	
Aug-09	66,643,608	173,689	-3.70%	18.65%	23
Sep-09	57,399,681	140,392	-13.87%	-19.17%	
Oct-09	52,378,254	152,904	-8.75%	8.91%	24
Nov-09	45,218,105	116,222	-13.67%	-23.99%	
Dec-09	56,481,043	133,384	24.91%	14.77%	
Jan-10	50,506,211	156,355	-10.58%	17.22%	25
Feb-10	57,857,901	143,772	14.56%	-8.05%	26
Mar-10	52,164,805	145,993	-9.84%	1.54%	27
Apr-10	48,628,159	126,156	-6.78%	-13.59%	
May-10	55,998,631	111,026	15.16%	-11.99%	28
Jun-10	77,999,013	126,582	39.29%	14.01%	
Jul-10	88,699,315	173,783	13.72%	37.29%	
Aug-10	89,281,470	204,270	0.66%	17.54%	
Sep-10	62,370,429	204,688	-30.14%	0.20%	29

Note: Prior to Case No ER-2012-0174, % of Retail revenues was calculated based on Gross Retail Revenue and Gross Forfeited Discounts. This was identified by the KCPL in Case No ER-2010-0355. The percentage was based on Revenues and Forfeited Discounts net of Gross Receipts Tax beginning with the 12 month period September 30, 2011 (Test Year)

** This shows the number of times Revenue and Forfeited Discounts moved in different directions based on change in Revenues and change in Forfeited Discounts.

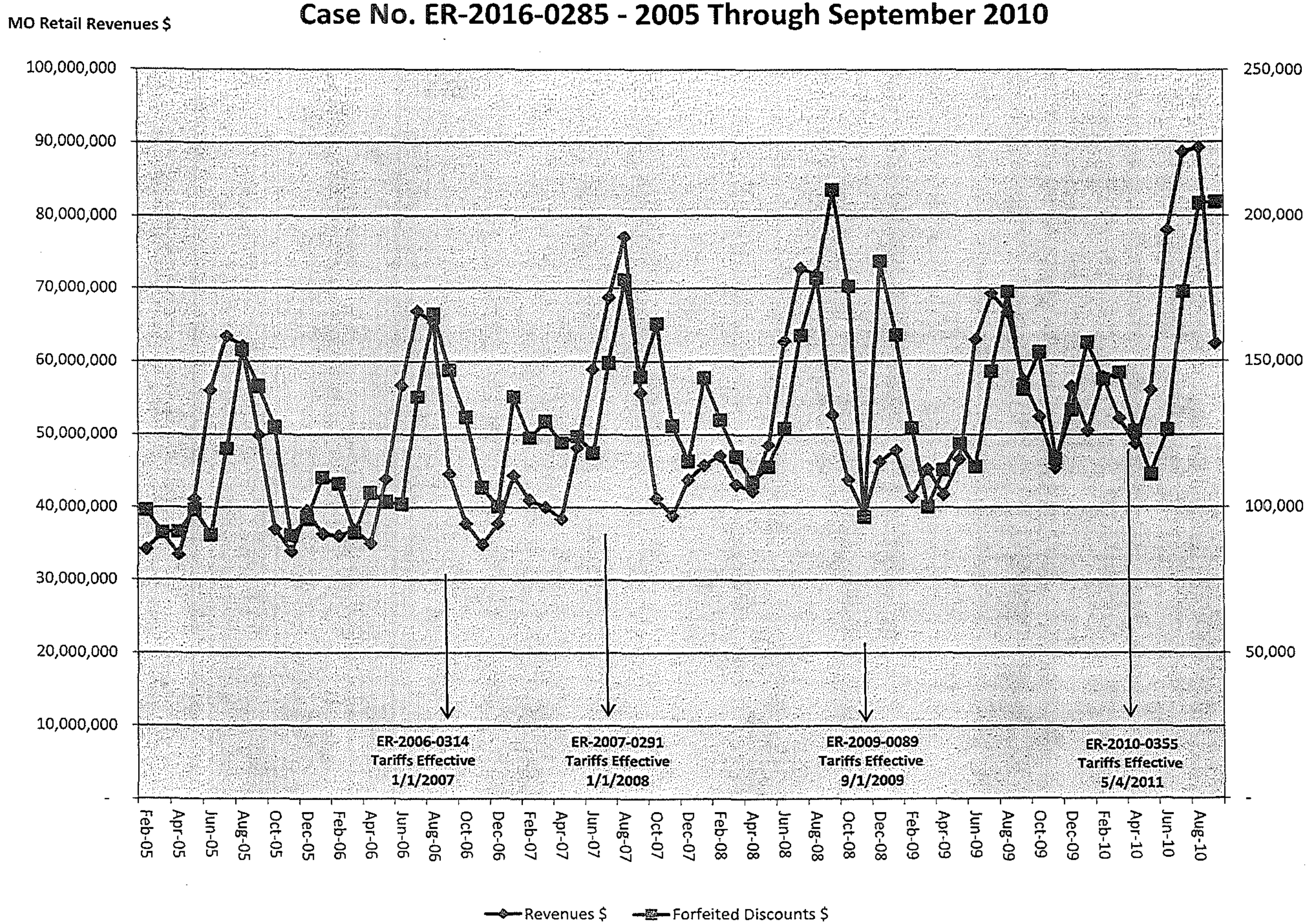
Kansas City Power & Light Company
Case No. ER-2016-0285
Missouri Forfeited Discounts - October 2010 through June 2016

	MO Total Retail Revenue Net of GRT	MO Forfeited Discounts Net of GRT	Change in Revenues%	Change in Forfeited Discounts %	No. of Occurence **
Oct-10	44,843,482	149,219	-28.10%	-27.10%	
Nov-10	45,555,835	131,231	1.59%	-12.05%	30
Dec-10	50,546,732	112,638	10.96%	-14.17%	31
Jan-11	50,880,253	117,665	0.66%	4.46%	
Feb-11	47,449,546	107,420	-6.74%	-8.71%	
Mar-11	47,577,291	116,480	0.27%	8.43%	
Apr-11	44,630,894	154,325	-6.19%	32.49%	32
May-11	52,997,498	219,685	18.75%	42.35%	
Jun-11	77,349,117	210,091	45.95%	-4.37%	33
Jul-11	94,351,066	145,651	21.98%	-30.67%	34
Aug-11	83,481,154	96,647	-11.52%	-33.64%	
Sep-11	54,086,580	107,275	-35.21%	11.00%	35
Oct-11	52,241,107	163,163	-3.41%	52.10%	36
Nov-11	47,324,234	111,927	-9.41%	-31.40%	
Dec-11	50,769,775	110,917	7.28%	-0.90%	37
Jan-12	50,289,339	136,233	-0.95%	22.82%	38
Feb-12	48,596,289	124,800	-3.37%	-8.39%	
Mar-12	49,063,322	114,981	0.96%	-7.87%	39
Apr-12	47,154,390	123,092	-3.89%	7.05%	40
May-12	59,400,860	110,902	25.97%	-9.90%	41
Jun-12	76,279,227	109,615	28.41%	-1.16%	42
Jul-12	93,935,116	162,238	23.15%	48.01%	
Aug-12	79,288,166	237,557	-15.59%	46.43%	43
Sep-12	56,548,845	154,369	-28.68%	-35.02%	
Oct-12	50,904,708	156,165	-9.98%	1.16%	44
Nov-12	46,015,799	125,698	-9.60%	-19.51%	
Dec-12	50,171,648	113,049	9.03%	-10.06%	45
Jan-13	51,107,856	135,472	1.87%	19.83%	
Feb-13	53,587,208	128,443	4.85%	-5.19%	46
Mar-13	57,183,177	131,512	6.71%	2.39%	
Apr-13	51,699,175	124,935	-9.59%	-5.00%	
May-13	61,392,338	134,965	18.75%	8.03%	
Jun-13	75,513,189	120,191	23.00%	-10.95%	47
Jul-13	86,882,229	172,642	15.06%	43.64%	
Aug-13	86,046,087	201,225	-0.96%	16.56%	48
Sep-13	66,408,595	172,197	-22.82%	-14.43%	
Oct-13	53,282,413	128,615	-19.77%	-25.31%	
Nov-13	52,490,727	92,443	-1.49%	-28.12%	
Dec-13	58,043,678	141,534	10.58%	53.10%	
Jan-14	59,369,270	174,244	2.28%	23.11%	
Feb-14	55,961,495	154,209	-5.74%	-11.50%	
Mar-14	55,493,865	123,308	-0.84%	-20.04%	
Apr-14	50,797,624	131,379	-8.46%	6.55%	49
May-14	62,974,293	123,274	23.97%	-6.17%	50
Jun-14	76,631,505	132,743	21.69%	7.68%	
Jul-14	83,254,847	163,553	8.64%	23.21%	
Aug-14	90,362,430	181,526	8.54%	10.99%	
Sep-14	62,178,123	187,771	-31.19%	3.44%	51
Oct-14	53,719,652	172,711	-13.60%	-8.02%	
Nov-14	55,983,006	103,407	4.21%	-40.13%	52
Dec-14	57,723,673	163,572	3.11%	58.18%	
Jan-15	58,373,919	185,626	1.13%	13.48%	
Feb-15	60,703,198	140,195	3.99%	-24.47%	53
Mar-15	51,485,742	146,116	-15.18%	4.22%	54
Apr-15	50,594,853	150,300	-1.73%	2.86%	55
May-15	59,201,854	128,091	17.01%	-14.78%	56
Jun-15	79,128,042	114,849	33.66%	-10.34%	57
Jul-15	90,463,948	174,214	14.33%	51.69%	
Aug-15	86,986,030	213,078	-3.84%	22.31%	58
Sep-15	69,317,588	161,366	-20.31%	-24.27%	
Oct-15	65,540,120	168,862	-5.45%	4.65%	59
Nov-15	66,450,092	133,261	1.39%	-21.08%	60
Dec-15	66,204,930	150,175	-0.37%	12.69%	61
Jan-16	63,232,078	160,606	-4.49%	6.95%	62
Feb-16	67,878,522	151,185	7.35%	-5.87%	63
Mar-16	56,828,740	91,862	-16.28%	-39.24%	
Apr-16	55,623,357	116,610	-2.12%	26.94%	64
May-16	70,242,025	113,250	26.28%	-2.88%	65
Jun-16	98,737,852	143,983	40.57%	27.14%	

Note: Prior to Case No ER-2012-0174, % of Retail revenues was calculated based on Gross Retail Revenue and Gross Forfeited Discounts. This was identified by the KCPL in Case No ER-2010-0355. The percentage was based on Revenues and Forfeited Discounts net of Gross Receipts Tax beginning with the 12 month period September 30, 2011 (Test Year)

** This shows the number of times Revenue and Forfeited Discounts moved in different directions based on change in Revenues and change in Forfeited Discounts.

KCP&L - Forfeited Discount Analysis
Case No. ER-2016-0285 - 2005 Through September 2010



KCP&L - Forfeited Discount Analysis
Case No. ER-2016-0285 - October 2010 Through June 2016