

EXHIBIT

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Rate Design
Donald Johnstone
Supplemental
Surrebuttal Testimony
OPC
ER-2016-0156
September 7, 2016

Kansas City Power & Light
Greater Missouri Operations
(GMO)

FILED

SEP 22 2016

Case No. ER-2016-0156

Missouri Public
Service Commission

Prepared Supplemental Surrebuttal Testimony of

Donald Johnstone

On behalf of

Office of Public Counsel
(OPC)

September, 2016



Before the
Missouri Public Service Commission

**Kansas City Power & Light
Greater Missouri Operations
(GMO)**

Case No. ER-2016-0156

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Prepared Supplemental Surrebuttal Testimony of Donald Johnstone

1 Q PLEASE STATE YOUR NAME AND ADDRESS.

2 A My name is Donald Johnstone and my business address is 384 Black Hawk Drive, Lake
3 Ozark, Missouri, 65049. I am employed by Competitive Energy Dynamics, L.L.C.

4 Q ARE YOU THE SAME DONALD JOHNSTONE THAT PREVIOUSLY SUBMITTED REBUTTAL
5 AND SURREBUTTAL TESTIMONIES IN THIS PROCEEDING?

6 A Yes, I submitted rebuttal and surrebuttal testimonies on behalf of the State of
7 Missouri's Office of Public Counsel ("OPC"). My qualifications and experience are set
8 forth in Appendix A to the rebuttal testimony.

9 Q WHAT IS THE PURPOSE OF THIS SUPPLEMENTAL SURREBUTTAL TESTIMONY?

10 A Additional individual residential customer data was delivered Saturday, September 4.
11 The data was analyzed and this testimony will provide the result.

1 IMPACT OF WORKSHOP PROPOSED RESIDENTIAL RATES

2 Q WHAT ARE THE WORKSHOP PROPOSED RESIDENTIAL RATES?

3 A These are rates that GMO proposed in the context of the workshops. I submitted a
4 data request in which I had requested the individual customer impact data associated
5 with Staff's proposed rates. In reply GMO supplied individual customer impact data
6 for rates it proposed in the context of the workshops that have been ongoing.

7 The GMO workshop proposed residential rates are attached as Schedule 1.

8 Q PLEASE DESCRIBE THE WORKSHOP RESIDENTIAL RATE PROPOSAL.

9 A As compared to the GMO proposal for consolidated rates, these rates have a lower
10 proposed customer charge and proposed adjustments to kWh rates as well. GMO
11 describes the rates as a proposal for consolidated rates with a zero overall increase.
12 At this time all parties do not concur that these rates necessarily reflect zero overall
13 increase. Thus, these rates may need to be adjusted to reflect the intended zero
14 increase and certainly would require further adjustment to accommodate the
15 approved increase, if any.

16 Q WHAT IS THE IMPACT OF THE WORKSHOP PROPOSED RESIDENTIAL RATES ON
17 CUSTOMERS?

18 A The analysis shows quite a wide range of estimated annual impacts, from six
19 customers with a reduction of 16%, to 25 customers that would experience increases
20 above 30%. Overall, it is estimated that 83,510 customers would see a decrease while
21 233,674 would experience an increase. The results are broken down by proposed rate
22 and into one percent increments in Schedule 2.

1 Q HOW MANY CUSTOMERS ARE ESTIMATED TO RECEIVE SHARP OR EXTRAORDINARY
2 INCREASES?

3 A While Schedule 2 provides detail, I can summarize the numbers of customers that
4 would receive increases well above average. Again, these impact numbers are in the
5 context of rates that GMO describes as providing a zero increase. Should an increase
6 be approved, that would raise the numbers of customers impacted at any given
7 threshold level of percentage increase.

8 32,235 customers are estimated to receive an increase above 4%,

9 7,710 customers are estimated to receive an increase above 8%,

10 1,166 customers are estimated to receive an increase above 16%, and

11 25 customers are estimated to receive an increase above 30%.

12 Q CAN YOU SHARE ANY OBSERVATIONS REGARDING THE IMPACTS?

13 A Yes. The parties came together with a stipulation for an equal percentage spread of
14 the increase among customer classes. While the parties no doubt have their own
15 motivations, certainly one effect is to not exacerbate the impacts created as a
16 consequence of the proposed consolidation of rates.

17 I suggest that any redesign of the rates structure beyond what is required for
18 consolidation with minimum customer impacts would also, practically by definition,
19 exacerbate customer impacts. In order to minimize customer impacts, the “zero
20 increase” customer charges should not collect more revenue in total. Similarly, the
21 collection of energy revenues should not be shifted between seasons or usage blocks
22 except to the minimum extent necessary for consolidation.

1 In addition to a rate design that would minimize impacts, a mitigation program
2 such I previously recommended for application to small customers should be
3 implemented. A mitigation target of 10% would hold most residential customers to a
4 single digit percentage increase.

5 **Q DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

6 **A Yes it does.**

**CONSOLIDATED RATE DESIGN PROPOSAL (MPS & L&P)
ER-2016-0156**

	Proposed Rates (Direct)	Scaled Down Consolidated	Rate Step 1	Proposed Rates	Ending Billing Determinants	Ending Revenue
RESIDENTIAL		0.9214121	1.00055			
		\$ (8,538)				
CUSTOMER CHARGE						
One Meter	14.50	13.36	10.71	11.00	3,273,240	\$ 36,005,640
One Meter - Other Use	13.25	12.21	11.86	12.50	38,832	\$ 485,400
ENERGY CHARGE						\$ -
Summer Rate						\$ -
<u>Summer Gen - RES MORG, MORN, MORH, MORNH</u>						\$ -
0-600	0.13072	0.12045	0.10871	0.12050	592,970,046	\$ 71,452,890
600-1000	0.13072	0.12045	0.10871	0.12050	297,356,751	\$ 35,831,488
1000+	0.13072	0.12045	0.10871	0.12050	402,106,310	\$ 48,453,810
Winter Rates						\$ -
<u>Winter Gen - RES MORG, MORN</u>						\$ -
0-600	0.10152	0.09354	0.10871	0.11151	662,162,908	\$ 68,513,996
600-1000	0.09853	0.09079	0.07724	0.07800	192,888,048	\$ 15,045,268
1000+	0.07490	0.06901	0.07724	0.07800	182,243,922	\$ 14,215,026
<u>Winter Gen&S/H - RES MORH, MORNH</u>						\$ -
0-600	0.10152	0.09354	0.10871	0.11151	448,292,485	\$ 46,384,823
600-1000	0.08213	0.07568	0.08932	0.06010	213,101,951	\$ 12,807,427
1000+	0.05200	0.04791	0.05903	0.04970	469,475,465	\$ 23,332,931
<u>Gen/Other Use - RES MORO</u>						\$ -
Winter	0.12707	0.11708	0.11708	0.11063	8,021,841	\$ 887,456
Summer	0.16946	0.15614	0.15614	0.14754	3,098,356	\$ 457,131
<u>Net Metering Credit</u>						\$ (142,649)
<u>Ex. Facilities</u>						\$ 300
Time of Day - MO600						
Customer Charge	18.92	17.4326	17.4326	19.50		
Summer On-Peak	0.2036	0.1876	0.1876	0.19525		
Summer Shoulder	0.1131	0.1043	0.1043	0.10848		
Summer Off-Peak	0.0679	0.0626	0.0626	0.06515		
Winter On-Peak	0.1307	0.1204	0.1204	0.12529		
Winter Off-Peak	0.0522	0.0481	0.0481	0.05002		
Total Revenue						\$ 373,730,939

"Zero Increase" GMO Workshop Residential Rate
 Number of Residential Customers Estimated to Experience Various
Annual Percentage Rate Increases

Line	Annual Increase Bin	860 to 860R	870 to 870H	910 to 860R	915 to 815O	920 to 870H	922 to 870H	Total per Bin	Number Above Increase Level
1	up to -20%	0	0	0	0	0	0	0	345,063
2	-20% to -19%	0	0	0	0	0	0	0	345,063
3	-19% to -18%	0	0	0	0	0	0	0	345,063
4	-18% to -17%	0	0	0	0	0	0	0	345,063
5	-17% to -16%	0	0	0	6	0	0	6	345,063
6	-16% to -15%	0	0	0	28	0	0	28	345,057
7	-15% to -14%	0	0	0	87	0	0	87	345,029
8	-14% to -13%	0	0	0	112	6	0	118	344,942
9	-13% to -12%	0	0	0	119	8	0	127	344,824
10	-12% to -11%	0	0	0	91	31	0	122	344,697
11	-11% to -10%	0	0	0	101	61	0	162	344,575
12	-10% to -9%	0	0	0	65	121	0	186	344,413
13	-9% to -8%	0	0	0	78	352	0	430	344,227
14	-8% to -7%	0	0	0	76	666	0	742	343,797
15	-7% to -6%	0	0	0	72	1,169	0	1,241	343,055
16	-6% to -5%	0	0	0	63	1,618	0	1,681	341,814
17	-5% to -4%	0	0	0	68	1,928	0	1,996	340,133
18	-4% to -3%	0	0	0	54	1,826	0	1,880	338,137
19	-3% to -2%	0	650	0	55	1,625	0	2,330	336,257
20	-2% to -1%	2,958	11,961	373	59	1,392	0	16,743	333,927
21	-1% to 0%	31,688	42,785	6,990	65	1,981	1	83,510	317,184
22	0% to 1%	80,641	27,839	10,481	52	1,981	0	120,994	233,674
23	1% to 2%	31,719	5,581	8,186	44	1,477	0	47,007	112,680
24	2% to 3%	10,199	3,120	6,885	32	1,260	0	21,496	65,673
25	3% to 4%	4,988	2,400	3,442	44	1,068	0	11,942	44,177
26	4% to 5%	8,680	5,695	1,867	35	994	0	17,271	32,235
27	5% to 6%	1,204	916	1,166	43	834	0	4,163	14,964
28	6% to 7%	0	0	903	40	705	0	1,648	10,801
29	7% to 8%	0	0	725	42	676	0	1,443	9,153
30	8% to 9%	0	0	557	35	602	1	1,195	7,710
31	9% to 10%	0	0	393	46	535	0	974	6,515
32	10% to 11%	0	0	290	45	518	1	854	5,541
33	11% to 12%	0	0	303	51	471	1	826	4,687
34	12% to 13%	0	0	826	47	562	1	1,436	3,881
35	13% to 14%	0	0	0	51	402	0	453	2,425
36	14% to 15%	0	0	0	78	288	0	366	1,972
37	15% to 16%	0	0	0	206	211	3	420	1,606
38	16% to 17%	0	0	0	139	176	0	315	1,186
39	17% to 18%	0	0	0	0	149	0	149	871
40	18% to 19%	0	0	0	0	149	1	150	722
41	19% to 20%	0	0	0	0	142	0	142	572
42	20% to 21%	1	0	0	0	166	1	168	430
43	21% to 22%	0	0	0	0	180	0	180	262
44	22% to 23%	0	0	0	0	53	1	54	82
45	23% to 24%	0	0	0	0	0	0	0	28
46	24% to 25%	0	0	0	0	0	1	1	28
47	25% to 26%	0	0	0	0	0	1	1	27
48	26% to 27%	0	0	0	0	0	1	1	26
49	27% to 28%	0	0	0	0	0	0	0	25
50	28% to 29%	0	0	0	0	0	0	0	25
51	29% to 30%	0	0	0	0	0	0	0	25
52	over 30%	0	0	0	0	0	25	25	25
53	Sum	172,078	100,947	43,387	2,229	26,383	39	345,063	
54	Minimum	(1.96%)	(2.33%)	(1.83%)	(16.64%)	(14.00%)	(0.53%)		
55	Maximum	20.78%	5.22%	12.96%	16.07%	22.38%	110.01%		
56	Median	0.60%	(0.10%)	1.46%	(1.41%)	1.53%	31.72%		
57	Average	0.39%	(0.31%)	0.87%	(9.47%)	(2.17%)	25.54%		
58	Count	172,078	100,947	43,386	2,229	26,383	35	345,058	

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of KCP&L Greater)
 Missouri Operations Company's)
 Request for Authority to Implement) Case No. ER-2016-0156
 a General Rate Increase for)
 Electric Service)

AFFIDAVIT OF Donald Johnstone

STATE OF MISSOURI)
)
 COUNTY OF Camden) ss

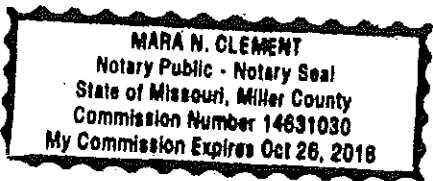
Donald Johnstone, of lawful age and being first duly sworn, deposes and states:

1. My name is Donald Johnstone. I am the owner of Competitive Energy Dynamics, L.L.C.
2. Attached hereto and made a part hereof for all purposes is my supplemental surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached affidavit are true and correct to the best of my knowledge and belief.

Donald Johnstone

 Donald Johnstone

Subscribed and sworn to me this 7 day of September, 2016.



Mara N. Clement