

Exhibit No.:
Issue: Case Overview/Regulatory Policy
Witness: Darrin R. Ives
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Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2016-0156
Date Testimony Prepared: February 23, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0156

DIRECT TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
February 2016**

DIRECT TESTIMONY

OF

DARRIN R. IVES

Case No. ER-2016-0156

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

2 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Vice President –
6 Regulatory Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L Greater Missouri Operations Company (“GMO” or
9 the “Company”).

10 **Q: What are your responsibilities?**

11 A: My responsibilities include oversight of the company’s Regulatory Affairs Department,
12 as well as all aspects of regulatory activities including cost of service, rate design,
13 revenue requirements, regulatory reporting and tariff administration.

14 **Q: Please describe your education, experience and employment history.**

15 A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business
16 Administration with majors in Accounting and Marketing. I received my Master of
17 Business Administration degree from the University of Missouri-Kansas City in 2001. I
18 am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the
19 public accounting firm Coopers & Lybrand L.L.P. I was first employed by KCP&L in

1 1996 and held positions of progressive responsibility in Accounting Services and was
2 named Assistant Controller in 2007. I served as Assistant Controller until I was named
3 Senior Director – Regulatory Affairs in April 2011. I have held my current position as
4 Vice President – Regulatory Affairs since August 2013.

5 **Q: Have you previously testified in a proceeding before the Missouri Public Service**
6 **Commission (“Commission” or “MPSC”) or before any other utility regulatory**
7 **agency?**

8 A: Yes, I have testified before the Commission and the Kansas Corporation Commission. I
9 have also provided written testimony in a proceeding before the Federal Energy
10 Regulatory Commission.

11 **Q: What is the purpose of your testimony?**

12 A: The purpose of my testimony is to provide an overview of the Company’s proposed rate
13 increase, including a description of the major drivers in the case and discussion of
14 regulatory mechanisms necessary for GMO to continue to have a realistic opportunity to
15 achieve its authorized return going forward from this case. I will also address the
16 Company’s rate design proposal in this case.

17 **PURPOSE AND REASON FOR THIS FILING**

18 **Q: What is the Company asking for in this case and why?**

19 A: This case is a request for authority to implement a general rate increase for electric
20 service. The Company raised rates January 26, 2013, in accordance with the
21 Commission’s order in Case No. ER-2012-0175. The Company continues to experience
22 cost pressures in a number of areas which are impacting its ability to earn its authorized
23 rate of return (“ROR”). Specifically, billed transmission expense by regional

1 transmission organizations (“RTOs”), including the Southwest Power Pool (“SPP”) and
2 Midcontinent Independent System Operator (“MISO”), and state-assessed property taxes
3 continue to increase year over year. In addition, this case seeks to increase rates to
4 recover new investments made since Case No. ER-2012-0175 and reset cost of service
5 based upon the test year for this case. The Company is also experiencing periods in
6 which their average use per customer is flattening out or even declining. Historically,
7 during periods prior to 2008, GMO’s average use per customer was increasing on average
8 1.2% per year. Yet, as discussed in more detail in the Direct Testimony of GMO witness
9 Albert R. Bass, Jr., since 2010 the average use per customer has declined on average -
10 0.3% per year through 2015. This makes it difficult for the Company to absorb any cost
11 increases that are occurring to its cost of service. In addition, the Company is requesting
12 to continue GMO’s fuel adjustment clause (“FAC”) mechanism that is currently in place
13 with some modifications discussed in more detail in the Direct Testimony of GMO
14 witness Tim M. Rush.

15 It should be noted that the timing of this case filing is a requirement under the 4
16 CSR 240-20.090(6)(A) of the Commission’s rules and regulations governing GMO’s
17 FAC for the MPS and L&P service territories. The FAC rules and regulations require the
18 filing of a general rate case every four years. This filing is in compliance with the four
19 year requirement.

20 Finally, the Company is making a rate design request in which the GMO rate
21 jurisdictions of MPS and L&P will be consolidated into a GMO-only rate jurisdiction
22 which is the result of a comprehensive study that was required from a Stipulation and
23 Agreement in GMO’s previous rate Case No. ER-2012-0175.

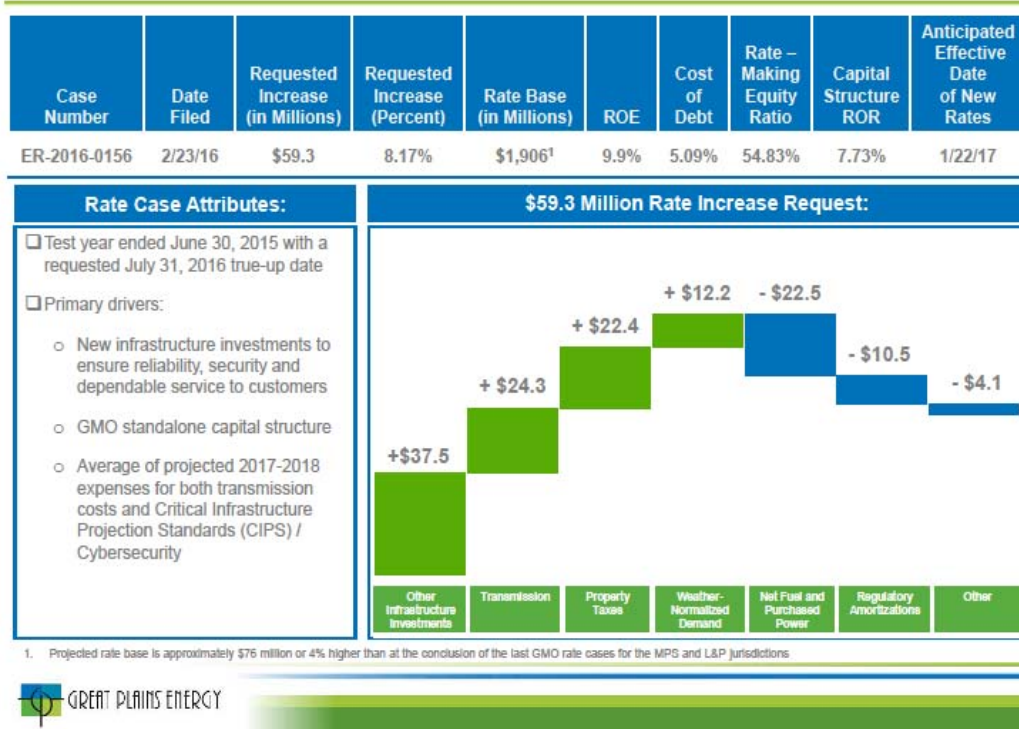
CASE OVERVIEW

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Q: Please briefly summarize the Company’s case.

A: The Company is requesting an increase of \$59.3 million or 8.17%, based on a current Missouri jurisdictional base retail revenue of \$725.9 million. The revenue requirement schedules are based on a historical test year of the 12 months ending June 30, 2015, with known and measurable changes projected through July 31, 2016. Below is a graphical depiction of the case, including case drivers, significant elements of the case and other high level facts.

GMO Consolidated Rate Case Summary



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This summary of the requested increase clearly depicts what I referenced earlier that the cost of service increases attributable to RTO-billed transmission costs and state-assessed property tax increases are significant impacts to the earnings of the Company.

1 In addition, there have been additional infrastructure investments since Case No.
2 ER-2012-0175, which have been added to GMO's rate base and are included in this
3 request. In addition, the average use per customer has remained flat or decreased among
4 customer classes since the last rate case. These costs and flat to declining revenues are
5 being offset by decreases in fuel and purchase power costs that are included in base rates.

6 Company witness Ronald A. Klote's Direct Testimony supports the cost of
7 service and revenue requirement determination, which is included in his Schedules RAK-
8 1 through RAK-3.

9 **Q: What is the effective date of the Company's proposed tariffs filed in this case?**

10 A: The tariffs bear an effective date of March 24, 2016. We would expect the Commission
11 to suspend this filing up to an additional ten months beyond this effective date. This
12 would place the expected effective date of new rates on or about January 22, 2017.

13 **Q: What is the return on equity ("ROE") GMO is requesting in this case?**

14 A: GMO is requesting an ROE of 9.9%. GMO witness Robert B. Hevert presents in his
15 Direct Testimony his cost of capital study results and recommendations in support of an
16 ROE range of 9.75-10.5%. GMO witness Kevin E. Bryant discusses the Company's
17 requested ROE of 9.9% that is within the ROE range supported by Mr. Hevert. Mr.
18 Hevert's recommended ROE range, and Mr. Bryant's specific 9.9% recommendation,
19 reflect analytical results based on a proxy group of electric utilities, and takes into
20 consideration the Company's risk profile, including the regulatory environment in which
21 the Company operates and its generation portfolio.

1 **Q: What is the equity ratio in the capital structure GMO is requesting in this case?**

2 A: GMO is requesting a capital structure comprised of 54.829% common equity based on
3 the projected GMO capital structure as of July 31, 2016. The 54.829% requested in this
4 case is a change from the consolidated capital structure of Great Plains Energy
5 Incorporated (“GPE”), GMO’s parent company which was used in GMO’s prior Case
6 No. ER-2012-0175. The reason for this change is the Company is requesting that rates be
7 set in this case using the GMO specific capital structure to more closely align the
8 financing of GMO with the investments and costs incurred by GMO. This we believe is
9 the best long term approach for GMO and its customers. In addition, assuming the
10 Commission adopts a GMO-specific capital structure in this case, in KCP&L’s next
11 general rate case the capital structure in that filing will include the KCP&L-specific
12 capital structure instead of using the Company’s consolidated capital structure. This is
13 described in more detail in the Direct Testimony of Company witness Kevin E. Bryant.
14 GMO witness Robert Hevert presents in his Direct Testimony his cost of capital study
15 results and recommendations based on the Company’s requested capital structure.

16 **Q: Has the Company taken any steps to reduce the weighted average cost of capital?**

17 A: Yes. Although we are asking for an increase in our ROE from 9.7% to 9.9% and an
18 increase to GMO’s equity component of its capital structure, the weighted average cost of
19 capital that we are requesting to recover from customers in this case is lower than the
20 weighted average cost of capital approved in our last rate case (Case No. ER-2012-0175).
21 The weighted average cost of capital has decreased due to the cost of debt going down to
22 5.089% from 6.425% in the last case. The Company has worked to reduce the weighted
23 average cost of capital, and customers will receive the benefit of that reduction.

1 **Q: What is the requested ROR included in this case filing?**

2 A: The requested ROR in this case is 7.73% which compares favorably for GMO's
3 customers with the authorized ROR in the last case, which was 8.12%. Therefore, cost of
4 capital is not a driver for the rate increase we are requesting but rather helps to mitigate
5 the increase.

6 **MAJOR CASE DRIVERS**

7 **Q: What are the major drivers underlying GMO's proposed rate increase?**

8 A: There are five primary drivers underlying this rate increase request.

9 First, the Company has made significant infrastructure investments since the
10 August 31, 2012, true up date in GMO's last general rate case, in its works and systems
11 to ensure the reliability, security, and service customers require and expect. Many of
12 these investments are technology and systems driven. The Company is investing in its
13 systems to maintain high levels of customer service and reliability as evidenced by
14 current and contemplated upgrades to the customer information and billing system,
15 Distribution and Outage Management System, and Energy Management System; and
16 installation of the next generation of automated metering and a Meter Data Management
17 system. Participation in SPP's Day 2 market necessitated technology investments. While
18 electricity is still delivered via poles and wires much as it has been for decades, the
19 service customers expect has become in large part a function of technology, requiring
20 significant investments in both new systems and upgrades/maintenance of existing
21 systems. GMO is seeking recovery of technology and systems infrastructure
22 expenditures necessary to maintain and ensure reliability, security, and high levels of
23 customer service.

1 Second, the Company has experienced significant increases in transmission costs
2 paid to RTOs year over year and continues to forecast increases post the effective date of
3 rates in this case. There are two significant impacts to GMO's transmission costs that are
4 included in the cost of service in this filing:

5 1. SPP's regional transmission upgrade projects are being planned,
6 constructed and billed to SPP members in order to expand and enhance the
7 ability for the SPP transmission footprint. SPP's regional transmission
8 plan provides for regional transmission expansion and a detailed list of
9 projects in order to achieve the plan. As these projects are placed in
10 service, GMO is continuing to receive its share of the costs of the
11 expansion.

12 2. In December 2013, well after completion of GMO's last general rate case,
13 Entergy – with whom GMO entered into a 2009 agreement to provide the
14 transmission service from the Crossroads generating facility – joined the
15 MISO RTO. This was not expected by Company management as
16 prevailing thought had been that Entergy would join the SPP RTO and not
17 MISO. Entergy joining MISO significantly increased the cost of
18 transmission service for the Crossroads generating facility. As such, the
19 Company is not requesting the base transmission expense amount
20 previously disallowed by the Commission in the last case (Case No. ER-
21 2012-0175). For further explanation of Crossroads, please see the
22 testimony of Company witnesses John Carlson, Burton Crawford and
23 Scott Heidtbrink.

1 Due to the continual increase in transmission cost levels during this expansion, the
2 Company is requesting that all transmission of electricity costs by others be included in
3 the Company's FAC requested in this rate case. The Company also requests that if any
4 of the transmission of electricity cost by others is not included in the FAC then the
5 forecasted annual average of SPP-billed transmission costs for 2017 and 2018 be used in
6 its cost of service. The Company's FAC request and alternative proposals regarding
7 transmission expense are discussed in more detail in the Direct Testimony of GMO
8 witness Tim Rush.

9 Third, the Company is continuing to see increases in state assessed property taxes.
10 Property taxes are determined by Missouri state assessors, are a significant component of
11 the Company's cost of service and amounts assessed are out of the control of the
12 Company to manage. Since the last GMO rate Case No. ER-2012-0175, property taxes
13 have significantly increased from the amounts that were included in rates in that case and
14 as of the true-up in this case are expected to have increased by approximately \$22.4
15 million from the previous amount established in rates.

16 Fourth, as discussed in more detail in the Direct Testimony of GMO witness
17 Albert Bass, GMO is experiencing flat to declining average use per customer and has
18 been since 2010 whereas in years prior to 2008, GMO's average use per customer was
19 increasing on average 1.2% per year. This fundamental change in GMO's operating
20 environment means that revenue growth can no longer be relied upon as a means of
21 offsetting future cost increases and requires a re-evaluation of the manner in which
22 GMO's rates are set.

1 Fifth, the Company is requesting in this case the continuation of GMO's FAC
2 with some modifications. As part of a general rate case the Company will re-base the
3 amount of fuel and purchase power cost that is included in base rates in this case. The
4 fuel and purchase power costs that have been included in the cost of service for this case
5 are below those amounts included in base rates in GMO's previous rate case and offset
6 the previous cost increases described above. In addition, as discussed above,
7 transmission of electricity by others costs are requested to be included in the FAC going
8 forward. Please see the Direct Testimony of Company witness Burton Crawford for
9 further explanation of fuel and purchase power costs and the Direct Testimony of GMO
10 witness Tim Rush for further explanation of the continuation of the FAC and associated
11 modifications.

12 FORWARD-LOOKING RATE TREATMENT

13 **Q: Does the Company propose to use any forward-looking rate treatment as a part of**
14 **this rate case in addition to the FAC?**

15 A: Yes, on a limited basis, for two expense items: 1) transmission expenses paid by GMO to
16 RTOs, including the SPP and MISO that are not flowed through the FAC, and 2)
17 operation and maintenance ("O&M") expenses incurred by GMO to meet evolving
18 requirements associated with critical infrastructure protection ("CIP") and cyber-security.
19 The specifics of the Company's proposals in these areas are discussed in more detail in
20 the Direct Testimony of GMO witness Tim M. Rush.

1 **Q: Why does the Company propose forward-looking rate treatment for transmission**
2 **expense and CIP/cyber O&M expense?**

3 A: As discussed in more detail in the Direct Testimony of GMO witness John Carlson (for
4 transmission expense) and the Direct Testimony of GMO witness Joshua Roper (for
5 CIP/cyber O&M expense), both of these expense items are rapidly changing such that
6 historical cost information is not likely to be representative of future costs when the rates
7 set by this case are in effect. It is important to note in this regard that, as discussed in
8 more detail in the Direct Testimony of GMO witness Albert Bass, GMO's average use
9 per customer is flat to declining on a forward looking basis such that future revenue
10 growth cannot reasonably be expected to offset the significant future increases expected
11 in transmission expense and CIP/cyber O&M expense.

12 **Q: Has the Company sought to narrowly tailor its requests for forward-looking rate**
13 **treatment in this case in light of the Commission's order in KCP&L's recently**
14 **concluded rate proceeding, Case No. ER-2014-0370?**

15 A: Yes. In recognition of the Commission's reluctance to adopt forward-looking rate
16 treatment in that case, the Company limited its request for such treatment in this case to
17 costs where the magnitude and likelihood of future increases is significant and largely
18 beyond the Company's control. Compared to mechanisms commonly used by electric
19 utilities in other jurisdictions throughout the country – including forward or future test
20 years, cost trackers, construction work in progress in rate base, multi-year rate and
21 revenue caps, various kinds of revenue decoupling and formula rates – the Company's
22 proposed forward-looking rate treatment in this case is quite modest.

1 **Q: The forward looking rate treatment alternatives discussed in the Direct Testimony**
2 **of Tim Rush for transmission expense paid to RTOs and CIP/cyber expense involve,**
3 **to varying degrees, the use of trackers to record as regulatory assets or liabilities on**
4 **the balance sheet what would otherwise be recorded as revenues, expenses, gains or**
5 **losses on the income statement. Would you briefly discuss the relevant provision of**
6 **the uniform system of accounts (“USOA”)?**

7 A: Yes. Definition 31 of the USOA states that “Regulatory Assets and Liabilities are assets
8 and liabilities that result from rate actions of regulatory agencies.” Definition 31 further
9 provides that:

10 Regulatory assets and liabilities arise from specific revenues, expenses, gains or
11 losses that would have been included in net income determinations in one period
12 under the general requirements of the Uniform System of Accounts, but for it
13 being probable:

- 14 1) That such items will be included in a different period(s) for purposes
15 of developing the rates the utility is authorized to charge for its utility
16 services; or
17 2) In the case of regulatory liabilities, that refunds to customers, not
18 provided for in other accounts, will be required.

19 **Q: Does General Instruction 7 of the USOA apply to the recording of regulatory assets**
20 **and/or liabilities?**

21 A: No. General Instruction 7 addresses whether items should be recorded in Account 434
22 (extraordinary income) or Account 435 (extraordinary deductions) on the income

1 statement, and has no applicability to the recording of regulatory assets and/or liabilities
2 on the balance sheet.

3 **Q: Are you saying that it is reasonable for the Commission to authorize tracker**
4 **treatment for transmission expense and CIP/cyber expense in this rate case even if**
5 **these costs are not considered extraordinary?**

6 A: Yes. In this general rate proceeding, the Commission needs to set rates that will recover
7 GMO's cost of service as it exists during the period when rates will be in effect. The
8 establishment of such a forward-looking revenue requirement can only be accomplished
9 by making a reasonable forecast of conditions likely to prevail during the period when
10 rates will be in effect. For GMO, it is clear that transmission expense and CIP/cyber
11 expense will be increasing after the test year and true-up period in this case. It is also
12 clear that customer usage for GMO will not grow after the test year and true-up period in
13 this case. As such, reliance exclusively on historical costs to set the rate allowance for
14 GMO's transmission expense and CIP/cyber expense will result in under-recovery for
15 GMO and associated earnings shortfalls that will not be offset by revenue growth. That
16 such costs are not considered extraordinary should not disqualify them from full recovery
17 that tracker treatment would assist in providing. It needs to be remembered that this is a
18 general rate proceeding where GMO seeks going forward tracker treatment for normal,
19 recurring and customary costs that are necessary to provide electric service, and not a
20 request made outside the context of a general rate proceeding for an accounting authority
21 order to defer costs – that would most likely be of a type that do not recur regularly –
22 based upon an isolated past event.

1 **RATE HISTORY**

2 **Q: When did the Company last increase rates?**

3 A: The Company implemented new rates as ordered in its last rate case (Case No. ER-2012-
4 0175) on January 26, 2013.

5 **Q: Haven't GMO rates been steadily increasing?**

6 A: Yes. Including the 2013 increase, the Company's Missouri rates have increased three
7 times since 2008. The majority of these increases were associated with the Company's
8 costs related to the construction of Iatan 2, environmental upgrades for Iatan 1, Sibley,
9 and Jeffrey, as well as, investments in demand-side management, rising costs of fuel
10 reflected through the FAC, transmission and delivery initiatives and infrastructure
11 investments.

12 **Q: What has the impact been on customer rates?**

13 A: In 2008, the Company's L&P average rates were 37.15% below the national average and
14 10.93% below the region. The MPS average rates for the same period were 18.74%
15 below the national average and 15.17% above the regional average. Today, the
16 Company's L&P average rates are 13.40% below the national average and 6.64% above
17 the region. The MPS average rates for the same period were 8.65% below the national
18 average and 12.49% above the regional average. The table below compares GMO's 2015
19 rates to those of other investor-owned electric utilities in the state of Missouri, the region
20 and the nation.

2015 Average Cents per kWh¹

<u>Utility</u>	<u>Total Retail</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
KCPL - MO	9.07	11.35	8.65	6.53
AmerenUE - MO	8.12	10.26	7.85	5.43
KCP&L GMO - MPS	9.82	11.61	8.87	6.61
KCP&L GMO - SJL&P	9.31	11.12	9.38	7.11
EDE - MO	11.04	12.43	10.95	8.32
Average of 5 Utilities	9.47	11.35	9.14	6.80
Regional Avg.	8.73	11.21	8.84	6.21
National Avg.	10.75	12.87	10.94	7.13

1 **Q: What should the Commission conclude from this rate history and comparison to**
2 **other MO utilities?**

3 A: Despite continued cost pressures, as outlined previously and continued declines in
4 average use, as explained in Albert Bass's Direct Testimony, GMO rates are not outliers
5 when compared to the national and regional averages.

6 VALUE OF ELECTRICITY

7 **Q: Specific to GMO, what is the long-term value of higher rates for customers?**

8 A: Company witness Scott Heidtbrink gives the historical view of the Company's activities
9 over the last number of years and future initiatives in his Direct Testimony. The
10 Company made sizable investments in environmental upgrades, demand-side
11 management, renewable wind energy, and transmission & distribution reliability. These
12 are tangible investments made over a relatively short period of time that provide long-
13 term value to customers in the form of low-cost environmentally responsible generation
14 for decades to come; renewable wind energy; programs to help customers control their
15 usage and their bills; and reliable service.

¹ Edison Electric Institute, Typical Bills and Average Rates Report Summer 2015 at 172, 174, 189, 206, 207, 222, 238, 239, 254, 270, 271, 287 (2015).

1 **Q: Given these increases, do Missouri customers receive good value for their electricity**
2 **dollars?**

3 A: Yes, our customers receive excellent value for their electricity dollars. Using current
4 prices, an average residential general service GMO MPS customer pays about \$1,282 per
5 year, \$106.83 per month, \$3.51 per day for electricity. If a household earns \$40,000 in
6 annual income, that household spends about 3% of their income for electricity. Broken
7 down to a daily basis, for \$3.51 a day a residential customer heats and cools their home,
8 refrigerates their food, washes and dries their clothes, charges their cell phones, plays
9 their televisions, has light and much more.

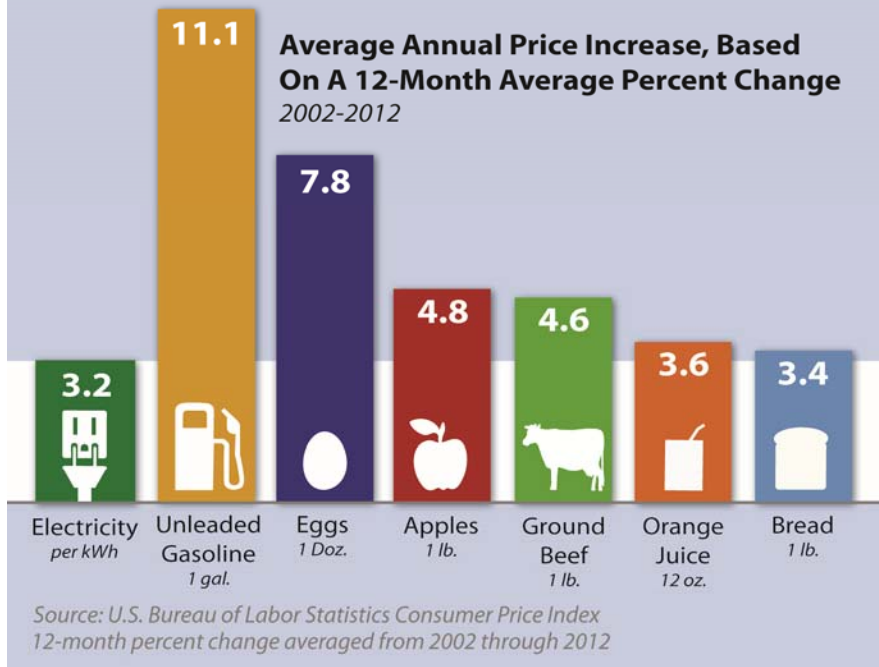
10 **Q: How do energy rates compare against other typical expenses?**

11 A: According to the U.S. Bureau of Labor Statistics², when comparing the change in price
12 for common everyday necessities such as ground beef, eggs, or gasoline, the cost of
13 powering a home has risen at a slower pace. For example, when comparing the price of a
14 gallon of unleaded gasoline to electric price per kWh from 2002-2012, gasoline has risen
15 by 11.1 percent, whereas electricity has risen only 3.2 percent.

² U.S Bureau of Labor Statistics Consumer Price Index 12 month percent change averaged from 2002 through 2012.

Electricity Remains a Good Value

The cost of powering your home rises at a slower pace than expenses like gas and groceries. Compare the average price increase of these expenses each year over the span of a decade, and the value of electricity shines.



1 **Q: Has GMO taken steps to control costs during the test year for this case?**

2 A: Yes, as described in the Direct Testimony of Scott Heidtbrink, GMO has undertaken
3 significant cost control efforts including the supply transformation project, benchmarking
4 initiatives in the generation, delivery and supply chain areas, and disciplined management
5 of employee headcount. While the Company's cost control efforts resulted in an increase
6 (total GPE) to controllable non-fuel operation and maintenance expenses of 0.69%
7 annually when comparing 2011 to 2015, this compares favorably when compared against
8 an annual inflation rate of 1.49%.

1 **RATE DESIGN**

2 **Q: What is the Company’s rate design proposal?**

3 A: The Company is proposing a comprehensive consolidation of the MPS and L&P rate
4 structures into a common GMO rate structure. The \$59.3 million or 8.2% rate increase
5 was applied to each combined customer class on its pro rata share. In other words, each
6 GMO customer class in total would receive the 8.2% increase. The GMO Residential
7 proposal retains a two part rate (Customer and Energy billing components), seasonally
8 differentiated energy charges, and incorporates an alignment of fixed costs recovery with
9 fixed charges. That alignment results in an increase to the customer charge to \$14.50 per
10 month from \$9.54 (L&P) and \$10.43 (MPS) per month. The proposed GMO
11 Commercial and Industrial (“C&I”) rate design retains a four part rate (Customer,
12 Facilities Demand, Demand, and Energy components), offers non-demand alternatives
13 within the Small General Service class, utilizes a modified Annual Base Demand
14 mechanism across C&I classes, as well as, reflects significant changes to demand blocks,
15 as a result of the consolidation to a common GMO rate structure. The Company’s rate
16 design proposal is addressed in detail in the Direct Testimony of GMO witness Bradley
17 Lutz.

18 **Q: What are the benefits of the GMO rate consolidation?**

19 A: There are many benefits that can be realized from consolidating rates in the MPS and
20 L&P service territories. They include such items as improved customer communication
21 and understanding through the development of a single set of rates and alignment to the
22 supporting costs of the rates across jurisdictions. In addition, the FACs of both
23 jurisdictions could be combined into a common GMO FAC for ease of review and

1 application. There are significant benefits to the business practices and recordkeeping of
2 only have one jurisdictional entity versus two. Finally, the timing is right to complete the
3 consolidation as the current rates are more similar than they have historically been
4 making a move to consolidated rates possible and reducing the customer impact in doing
5 so.

6 **Q: Can you briefly summarize GMO's requests in this case?**

7 A: Yes. Through this rate case filing, GMO requests that the Commission:

- 8 a. Approve the proposed rate schedules and tariffs for electric service, and order that
9 they become effective as proposed, including acceptance of GMO's proposed
10 consolidation of the MPS and L&P rate structures into a common GMO rate
11 structure;
- 12 b. Approve continuation of the FAC, as modified, proposed by GMO;
- 13 c. Approve the forecasted expenses proposed by GMO for CIP/Cybersecurity efforts
14 and transmission expenses (to the extent any transmission expenses and revenues
15 are not included in the FAC) or, alternatively, trackers for CIP/Cybersecurity
16 expenses and transmission expenses and revenues (to the extent any transmission
17 expenses and revenues are not included in the FAC);
- 18 d. Approve continued use by GMO of the Pension/OPEB tracker approved by the
19 Commission in Case No. ER-2012-0175;
- 20 e. Approve discontinuation of GMO's use of the Iatan 2 and Common tracker
21 approved by the Commission in Case No. ER-2012-0175 as discussed in more
22 detail in the Direct Testimony of GMO witness Ronald Klote;

1 f. Approve GMO's use of revised depreciation rates as set forth in the Direct
2 Testimony of GMO witness John Spanos;

3 g. Approval of the Economic Relief Pilot Program including an increase in the
4 available monthly bill credit and availability limits; and

5 h. Grant such other and further relief as it deems just and reasonable.

6 **Q: Does that conclude your testimony?**

7 A: Yes, it does.

**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 DARRIN R. IVES


STATE OF MISSOURI)
) **ss**
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:

- 1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President – Regulatory Affairs.

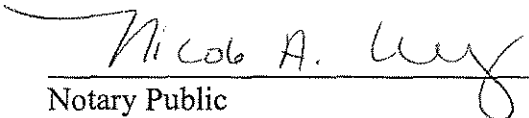
- 2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of twenty-one (21) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

- 3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Darrin R. Ives

Subscribed and sworn before me this 23rd day of February, 2016.



Notary Public

My commission expires: Feb. 4, 2019

