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Case Nos.: ER-2018-0145 and ER-2018-0146
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: ER-2018-0145 and ER-2018-0146

REBUTTAL TESTIMONY

OF

KIMBERLY H. WINSLOW

ON BEHALF OF

**KANSAS CITY POWER & LIGHT COMPANY and
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
August 2018**

REBUTTAL TESTIMONY

OF

KIMBERLY H. WINSLOW

Case Nos. ER-2018-0145 and ER-2018-0146

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

2 A: My name is Kimberly H. Winslow. My business address is 1200 Main Street, Kansas
3 City, Missouri 64105.

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

5 A: I am testifying on behalf of Kansas City Power & Light Company (“KCP&L”) and
6 KCP&L Greater Missouri Operations Company (“GMO”) (collectively, the
7 “Company”).

8 **Q: Are you the same Kimberly H. Winslow who filed Direct Testimony in both ER-**
9 **2018-0145 and ER-2018-0146?**

10 A: Yes, I am.

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

12 A: I will respond to the Staff’s Time of Use (“TOU”) rate design recommendations.
13 Company witness Marisol Miller also provides testimony on this subject matter.

14 **Q: What does Staff recommend regarding the TOU rate design?**

15 A: In their Class Cost of Service Report, Staff recommends these cases be used as an
16 opportunity to begin the process of implementing mandatory [*emphasis added*]
17 Company-wide TOU rates. They have proposed to implement a low-differential rate
18 design with long on-peak periods, on-peak 8:00 am – 9:59 pm and off-peak 10:00 pm
19 – 7:59 a.m., and with subsequent addition of summer on-peak periods and super-off-
20 peak periods to occur in an underdetermined future rate case.

1 **Q: How is their proposal the same or different with respect to other demand-side rate**
2 **proposals made by Staff recently?**

3 A: Their proposal is consistent with the Staff Report on Distributed Energy Resources
4 (“DER”), filed April 5, 2018, in File No. EW-2017-0245 (the “Working Docket”),
5 concerning general residential and utility-wide rate design; however, the Staff stated
6 that its proposal in the Working Docket was intended to “enhance customer
7 responsiveness to DER opportunities [*emphasis added*] and otherwise reasonably
8 provide price signals to consumers and revenue recovery for utilities”¹. This plan by
9 Staff in the Working Docket contemplated rate design changes in two phases over a six
10 to ten-year period.

11 In this case, Staff’s proposal recommends the Company implement mandatory
12 TOU rates for GMO and KCP&L Missouri residential customer classes of customers
13 with Automated Metering Infrastructure (“AMI”) meters² as part of its general rate
14 implementation following the Commission order in this case, which is expected to be
15 in December 2018 – less than six months from the date of this testimony. While the
16 TOU rates proposed in this case are not new, Staff in no way references back to any
17 objective identified in Staff’s report to enhance customer responsiveness DER
18 opportunities³ filed in the Working Docket. In this case, Staff has simply proposed an
19 introductory TOU default rate, calling it a “Time of Use Training Wheel” framework

¹ Staff Report on Distributed Energy Resources, filed April 5, 2018, in File No. EW-2017-0245, Pages 50-51.

² For KCP&L, Staff proposes residential general use, separately metered space heating, and all electric rate schedules would be consolidated into a single KCP&L residential TOU rate schedule. For GMO, its residential general use and separately metered space heating schedules would be consolidated into a single GMO residential TOU rate schedule. For both utilities, Staff proposes a simplified non-TOU rate schedule would be maintained for non-AMI residential customers.

³ Staff Report on Distributed Energy Resources, Working Case to Explore Emerging Issues in Utility Regulation, April 5, 2018, EW-2017-0245, Page 5.

1 but neglects to define any tools and methods for educating customers on the value of
2 TOU rates, let alone propose success metrics for measuring customer or system
3 benefits.

4 Staff posits that its proposed, mandatory TOU rate is a cost-effective, customer-
5 friendly approach to educating customers about TOU rates, while minimizing bill
6 impacts on all affected customers. Staff also asserts that its proposal is a starting point
7 for negotiation, where “Staff anticipates working with the utility and other stakeholders
8 to refine the TOU design during the rate case with KCPL,” and that it “lays the
9 groundwork for future implementation of seasonally-appropriate super-peak rates and
10 super-off-peak discounts.”

11 **Q: Has any refinement of Staff’s proposed TOU design occurred thus far?**

12 A: No. The Company has held four meetings that could generally be referred to as
13 technical conferences, offering all of the parties the opportunity to discuss and engage
14 in this TOU refinement. No progress has been made as of the date of this testimony.
15 However, the Company is encouraged that both the Company and Staff share a goal to
16 introduce TOU to Missouri customers. As is included in my testimony herein, relying
17 on time of use industry best practices to reduce system peak demand and reduce costs
18 over the long-term while encouraging DER growth and empowering customers through
19 education to manage their energy costs are all important considerations.

20 **Q: Has the Commission made any recent orders with respect to TOU rates?**

21 A: In Docket No. ER-2016-0156, the Commission issued an order approving an agreement
22 for GMO to study TOU rates. As described in that non-unanimous stipulation and
23 agreement (“S&A”), GMO was ordered to include in its next rate case or rate design
24 case, a study of TOU rates including TOU Residential and Small General Service rates,

1 critical peak rates, electric vehicle TOU rates for stand-alone charging stations, TOU
2 rates applicable to electric vehicle charging associated with an existing account, real
3 time pricing, peak time rebates, and other rate types which could encourage load
4 shifting/efficiency.⁴ In response to this Order and as provided for in Company witness
5 Marisol Miller’s direct testimony in this case, GMO retained the consulting services of
6 Burns & McDonnell (“BMcD”) to conduct the TOU Rate Study and prepare the report.
7 Ms. Miller provided the report as an attachment to her direct testimony in this case⁵.

8 **Q: What did the TOU Rate Study conducted by BMcD generally recommend?**

9 A: The TOU Rate Study included an extensive analysis of various TOU rate designs and
10 the impact on several rate classes. Significant internal Company stakeholder input was
11 sought. The TOU Rate Study recommended that the TOU rates “would initially be
12 offered to a *limited [emphasis added]* number of customers through a pilot program.
13 Analysis would then be performed to determine program performance and possibly
14 revise optional new rates for GMO.”⁶ In addition, the TOU Rate Study recommended
15 that the pilot programs be offered as demand side programs in a future MEEIA filing.

16 **Q: Did the Company perform any additional TOU analyses or studies that it relied
17 upon in its TOU pilot recommendations in this filing?**

18 A: Yes, the Company is required to perform a potential study per 4 CSR 240-20.094(3)⁷
19 and an Integrated Resource Plan (“IRP”) per Missouri Chapter 22 Electric Utility
20 Resource Planning every 3 years with annual updates.⁸ The 20-year potential study is
21 a key input to the Company’s IRP filings. It is a very rigorous and intensive study that

⁴ Non-unanimous Stipulation and Agreement filed September 20, 2016 in MPSC Docket No. ER-2016-0156.

⁵ MPSC Docket No. ER-2018-0146, Schedule MEM-3.

⁶ KCP&L-Greater Missouri Operations Company Time of Use Rate Study, December 31, 2017, Page 1-6.

⁷ 4 CSR 240-2-.094(3), Page 40-41.

⁸ 4 CSR 240-22.080(1), Page 19 & 4 CSR 240-22.080(3), Page 19-20.

1 includes feedback and review from various external stakeholders, including Staff. In
2 the Company's potential study, an analysis was performed to develop estimates of peak
3 demand savings potential for the demand response ("DR") and demand side rates
4 ("DSR") resources. The DSR options included a review of demand rates, TOU rates,
5 real-time pricing and inclining block rates ("IBR"). The study identified reasonable
6 levels of realistic achievable potential ("RAP") for TOU and demand rates.⁹ As a
7 result, the Company included TOU rates as reasonable programs of peak reduction to
8 offer its customers within its recently filed annual IRP update¹⁰.

9 In summary, the Company performed significant due diligence and received
10 input from several highly experienced external consultants and Missouri stakeholders
11 which resulted in the Company's proposed TOU pilots that would achieve the intended
12 results of peak demand reduction among other goals. The opt-in pilots would allow the
13 Company reasonable time to review the results and participation of the three TOU
14 pilots to determine how to move forward and maximize the benefit of the TOU rate
15 without considerable negative impact to its customers.

16 **Q: Do you agree with Staff's recommendation regarding the Residential TOU Rate**
17 **design?**

18 A: No. While the Company agrees with the concept and desires to explore a residential
19 TOU rate design, the Company disagrees with several assumptions and
20 recommendations made by Staff, including, but not limited to:

- 21 ■ Staff's complete disregard for customer education and the time needed
22 to implement TOU programs, especially for mandatory TOU rates to be

⁹ Page 16, Table 4-4, Potential Study, Docket No. EO-2017-0229 for KMO and EO-2017-0230 for GMO.

¹⁰ MPSC Docket No. EO-2018-0268 2018 KCPL Integrated Resource Plan and MPSC Docket No. EO-2018-0269 2019 GMO Integrated Resource Plan.

1 implemented as part of the rates approved in this case. This results in a
2 timeframe of about thirty days from Commission order to the date rates
3 would be effective.

4 ▪ Staff has overlooked how special needs customers, including medical
5 and low-income customers, may be affected by their mandatory
6 proposal.

7 ▪ Staff's recommendation to implement mandatory residential TOU rates
8 to residential customers with AMI meters as part of this case and lack
9 of acknowledgment for the need to study the impact of the rates through
10 a pilot(s).

11 ▪ Staff's selection of a low-differential TOU rate design and long on-peak
12 period as the basis for its recommended TOU rates. Based on our
13 experience and research, Staff's proposed structure and implementation
14 schedule of the TOU rates is unprecedented.

15 ▪ Staff's contention that imposing a single, mandatory TOU base rate
16 schedule on a significant portion of the residential customer base is an
17 effective means to acclimate customers to TOU pricing scheme is not
18 well supported by industry experience or research and risks alienating
19 customers.

20 ▪ Staff's recommendation to eliminate the Frozen All Electric Rate
21 Schedule and consolidate it into the Space Heating rate schedule for
22 KCP&L. Company witness Marisol Miller addresses this in her rebuttal
23 testimony.

1 **NEED FOR CUSTOMER EDUCATION**

2 **Q: Why do you disagree with Staff’s recommendation to implement mandatory**
3 **residential TOU rates by December 2018?**

4 A: Staff’s recommendation to implement mandatory Company-wide TOU rates as part of
5 this case goes against industry best practice in introducing residential TOU rates to
6 customers and transitioning them to those rates. Transitional efforts, generally through
7 pilots, are necessary to understand the proper offering for the defined objective and
8 customer receptivity. Additionally, implementing mandatory TOU rates as Staff
9 proposes does not allow time for all of the necessary and critical tasks to implement
10 TOU rates successfully. Implementing TOU rates is a significant Company-wide
11 undertaking involving experts from many divisions, concise coordination and
12 education, and most importantly, enough time to adequately educate customers and
13 support them through a change of this significance. One of the most critical pieces to
14 success with implementing TOU rates will be education and outreach to customers
15 before, during, and after their transition to the demand side rate(s).

16 In support of our proposal, the Company is in the early stages of developing a
17 project plan (see Schedule KHW-1) for launching TOU rates as a pilot program which
18 includes critical tasks such as:

- 19 (1) development of customized marketing plans tailored to unique
20 customer segments;
- 21 (2) identification and implementation of additional tools/products
22 required to help customers learn about the pilot rate options, then
23 continually be educated on how best to manage and shift their
24 energy use on these rates;

- 1 (3) develop an evaluation, measurement, and verification plan; and
- 2 (4) develop and roll out a customer operations and internal training
- 3 plan.

4 The roadmap has identified a minimum of a twelve-month development period to
5 launch TOU rates in a pilot form following approval. Recommending that the Company
6 implement mandatory TOU rates without this preparation puts the Company at risk of
7 jeopardizing its credibility and relationship with customers by introducing a significant
8 change that customers will not be prepared to understand and engage. Launching TOU
9 rates too quickly and to the entirety of our AMI meter-equipped residential customer
10 base at once is a significant risk to the Company, its customers, and the Missouri Public
11 Service Commission, as well as to the future of alternative, time-differentiated rates in
12 Missouri. The Company’s proposed pilot approach will provide the opportunity to test
13 and measure impacts in a more controlled fashion, and it will provide the opportunity
14 to make quick, data driven decisions with a small treatment group, as well as implement
15 learnings when rolling out to a larger population of our customers.

16 As I explain further in my testimony, we request that the Commission consider
17 the implementation time needed and understand that customer education is critical
18 before transitioning to any TOU rate - mandatory or pilot.

19 **Q: Does Staff’s proposed TOU rate plan include any pilot testing of the TOU rate**
20 **with samples of AMI customers prior to full deployment to all AMI customers?**

21 A: No, it does not. This is extremely concerning and underestimates the level of
22 understanding that should be considered in launching such a demand side rate design.
23 Staff depicts its proposed TOU recommendation, the mandatory base rate for all
24 residential AMI customers, as “an excellent customer education opportunity.” Rather

1 than educating the customer on the front end on the use of TOU rates and utilizing the
2 benefits of pilots, Staff is recommending a change in such a short period with no goals
3 or objectives identified, which may evoke significant negative customer reaction. In
4 the abrupt manner proposed by Staff, the education will take place after customers react
5 to their bill because they are confused and perhaps upset, at which point customers will
6 seek information about how the new TOU rate affects them personally and why the
7 TOU rate has been implemented.

8 **Q: Do you agree that Staff’s proposal is an “excellent customer education**
9 **opportunity”?**

10 A: No, I do not. In fact, Staff does not include any plans or allow any reasonable time for
11 customer communication, education and engagement. Nor does Staff provide any
12 rationale or support for its customer communication approach. Without planned
13 customer education efforts by the utility prior to TOU implementation, there is a
14 significant likelihood that segments of customers, or perhaps even all customers, will
15 be surprised and confused by the new demand side rate, and will not fully embrace the
16 TOU rate. In addition, as I will address later, the rate design for the first phase of the
17 TOU rate is likely to confuse customers as to why TOU rates are important to
18 accomplish the objective of reducing peak demand.

19 It is important to draw on best practices from utilities who have experience in
20 TOU pilots and programs. Based on the report, *“Can Arizona’s Success with Time-of-*
21 *Use Rates Be Replicated in California?”*¹¹, utilities with the highest levels of
22 enrollment in TOU programs, which include Salt River Project (“SRP”) and Arizona

¹¹ Can Arizona’s Success with Time-of-Use Rates Be Replicated in California?; Robert D Levin; Center for Research in Regulated Industries 2014 Western Conference, 2014.

1 Public Service (“APS”) – 30 percent and 50 percent, respectively, have done so through
2 significant reliance on marketing and outreach activities. SRP utilizes a variety of
3 customized, direct marketing strategies to create awareness and drive enrollment in
4 programs. Multiple channels include TV, radio, cinema, and ads to not only create
5 awareness, but SRP also engages in direct marketing to customers through postcards,
6 letter, email and newsletters.

7 Eversource, for another example, recently proposed a five-year comprehensive
8 customer education and outreach plan aimed at educating and engaging residential
9 customers to prepare them for time-varying rates.¹² Eversource stated that its proposed
10 customer education and outreach plan would focus on disseminating information about
11 working basics of grid modernization broadly, and time-varying rates specifically
12 (including TOU and coincident peak demand charges), through multiple channels
13 including television, radio, website pages, digital marketing, social media, email, out-
14 of-home channels (e.g., billboards), information on customer bills, community
15 collaboration, employee communication, and residential and business contact center.
16 Staff’s disregard for that central role of utility communication is in contrast to these
17 other utility and other state commission approaches to implementation of TOU rates.

18 Staff’s proposal essentially ignores the critical importance of onboarding
19 customers through carefully planned and executed outreach, education and
20 engagement. Staff seems to contend that rolling out TOU as a new, mandatory base
21 rate will not require rigorously executed customer education, in the belief that the
22 general rate can simply be imposed. Apparently, Staff believes that it is reasonable and

¹² Massachusetts D.P.U. 15-22 Petition of NSTAR Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy, for Approval by the Department of Public Utilities for the Grid Modernization Plan.

1 sufficient to educate customers about TOU rates after they receive their first bills under
2 a TOU rate regime. The time that will be available for planning and implementing
3 customer education programs in this case is insufficient to meet the goal of effecting a
4 smooth, customer-centric transition to a mandatory TOU base rate. We would expect
5 to have approximately thirty days after the Commission order before TOU rates would
6 be effective.

7 Alternatively, by offering pilots, the Company will be able to determine the
8 appropriate demand side rate design to offer in future rate filings. Staff's proposal to
9 rush the TOU rate into full deployment by end of 2018 allows for no market testing of
10 the design with customers. In addition, rolling out a blanket TOU rate to all customer
11 segments risks causing more harm than good. Different amounts and styles of
12 communication and outreach are required for various types of customers, including
13 protected customers such as low-income or special needs customers.¹³ Pilot studies
14 conducted by other utilities have found that lower income and special needs customers
15 can have the hardest time understanding rate changes and their implications to them,
16 and that targeted and specific communications and direct interaction will be needed to
17 prevent a disproportionate or negative impact.

18 **Q: Does Staff's proposed TOU rate plan include any discussion of Company**
19 **readiness requirements for deploying their recommended TOU base rate plan?**

20 A: No. Staff's proposal is largely silent on the topic of Company readiness for this major
21 rate change affecting the residential rate classes. Once the Commission issues its order,
22 the Company will have approximately thirty days to determine the functional

¹³ California State Wide Opt In TOU Pricing Pilot; Stephen George, Eric Bell, Aimee Savage, Benjamin Messer; 2017 Research Into Action / Nexant Inc; <http://blogs.edf.org/energyexchange/2018/01/30/utilities-planning-to-move-californians-to-time-of-use-pricing-need-solutions-for-low-income-customers/>.

1 requirements for implementing the new rate in systems, people training, and bill
2 redesign (to name just a few required capabilities). Even if the Company were to start
3 the effort now, there is inadequate time to make a measured transition for its operations
4 and for the customer experience. Without such readiness planning, it is anticipated that
5 the Company would experience negative call center impacts as a result of inquiries and
6 complaints. Call Center staff will need to receive training of any new rate structures
7 such as TOU, so that as customers call with questions about their bills, the Call Center
8 may provide them with accurate information regarding the demand side rate and how
9 to further manage their energy usage.

10 Company readiness is a large component of launching TOU programs
11 effectively that should be considered, as earlier described and shown in Schedule
12 KHW-1. The Company has identified planning, research, awareness/recruitment,
13 enrollment, education, launch, engagement and measurement and evaluation phases
14 over an estimated 28 months for the implementation of its proposed three TOU pilots.
15 It is critical that each of these phases be implemented and in a sequential manner.

16 **Q: Are there any risks associated with rolling out Staff's mandatory TOU proposal**
17 **without time to allow for Company readiness?**

18 A: Yes. Both customer facing and back office personnel need to receive the necessary
19 communications and training to ensure that customers are provided with accurate and
20 timely information upon implementation of the demand side rates. Outreach to
21 community based organizations will be necessary to help educate our special needs or
22 low-income customers. In addition, the lack of the objectives included with Staff's
23 proposal is concerning and does not provide the Company with knowledge to develop
24 the appropriate messaging for the recommended mandatory TOU rates. Simply saying

1 that the TOU rates are a “training wheel” for the customer is neither reasonable nor
2 sufficient.

3 **NEED FOR MEASUREMENT AND EVALUATION**

4 **Q: What are the general objectives of time varying rates?**

5 A: As included in our potential study conducted by AEG and Brattle, there are several
6 variants of time-varying rates, which include TOU, Critical Peak Pricing (“CPP”), and
7 Real Time Pricing (“RTP”). Each have their own characteristics to accomplish a given
8 objective. CPP rates charge high prices for a very short amount of time per year in
9 order to reduce customer usage and shave demand during pre-determined periods when
10 the cost of wholesale energy is extremely high. RTP pass on wholesale price variations
11 directly to the consumer as and when they occur. TOU rates set daily peak and off-
12 peak prices with the intent of incentivizing customers to shift load from peak hours to
13 off-peak hours. The main difference between these three models of time-varying rates
14 is their reliance on dynamic versus static pricing. RTP and CPP are unique in that they
15 rely on dynamic pricing where the hourly pricing is not fixed for all hours i.e. the utility
16 retains the ability to vary prices at predetermined hours, at any time of day. In contrast,
17 TOU tariffs are static, i.e. they are preset across a day and do not vary even if demand
18 does not conform to these periods.

19 Irrespective of other positions contained with the report, “Guidance for Utilities
20 Commissions on Time of Use Rates: *A Shared Perspective from Consumer and Clean*
21 *Energy Advocates*”¹⁴ provides clarity for the purpose and intended results of time of
22 use rates that are important to note:

¹⁴ Guidance for Utilities Commissions on Time of Use Rates: *A Shared Perspective from Consumer and Clean Energy Advocates*, Pages 4-5, July 15, 2017.

1 Time-varying rates are proposed to address a range of issues, including
2 economic efficiency, peak load reduction, and equitable cost allocation
3 across the customer base. If properly designed and implemented, TOU
4 rates may allow individual consumers to reduce their energy bills,
5 improve system utilization and reduce peak demand. And if enough
6 individual consumers respond to the price signals that TOU rates
7 provide, they may also generate supply and delivery cost savings for
8 all...In concert with advice in the NARUC Manual that regulators be
9 mindful of changes that are rushed and may bring unintended
10 consequences, public utility commissions should weigh TOU rates
11 meticulously

12 **Q: Has Staff identified any objective for their mandatory TOU rate proposal?**

13 A: No. The only objective that is identified in Staff’s testimony is simply to begin the
14 process as mandatory and Company-wide. As included within the BMcD study, there
15 are only a few cases where a large North American utility has attempted a mandatory
16 TOU rate change, and those attempted rate designs differ considerably from Staff’s
17 proposal. Mandatory TOU transitions are more common with small to mid-size
18 utilities.¹⁵ Although a handful of Investor Owned Utilities in California and Arizona
19 are shifting toward default or mandatory TOU offerings, these TOU pioneers
20 performed rigorous pilots testing multiple TOU program designs, with strong
21 encouragement from their regulators.

22 Pilots are necessary to determine program performance and allow for revision
23 of the offering. In addition, coupled with the pilot it is imperative to include a
24 measurement and evaluation program. Staff’s proposal to move forward without a pilot
25 program as proposed by the Company, goes against EM&V guidance issued by the
26 U.S. Division of Energy (“DOE”). Recommendations issued by the DOE in 2012
27 entitled *Evaluation, Measurement and Verification of Residential Behavior-Based*

¹⁵ KCP&L – Greater Missouri Operations Time of Use Rate Study; Burns & McDonnell; 2017 & Company website research of utility companies.

1 *Energy Efficiency Programs: Issues and Recommendations* suggest using randomized
2 control trials to assess such programs before rolling out. The benefits of doing so
3 include:

- 4 ▪ Provides the user with the information needed to identify
- 5 measures with the biggest return on investment
- 6 ▪ Identifies measures with the highest realized energy savings
- 7 ▪ Highlights implementation issues that can be improved
- 8 ▪ Confirms (cost) effectiveness of the measures¹⁶

9 **TOU RATE DESIGN**

10 **Q: Why do you disagree with Staff’s selection of a low-differential TOU rate design**
11 **and long on-peak period as the basis for its recommended TOU rates?**

12 A. Properly designed TOU rates should provide a price signal to consumers in order to
13 incentivize behavioral changes that shifts demand-intensive activities outside of peak
14 pricing periods and into off-peak pricing periods. In addition, if designed properly, it
15 can be an attractive option for DER. Moreover, TOU rates should be designed to meet
16 system peak demand mitigation goals in support of utility and regulatory policy.

17 Staff’s recommendation to implement a low-differential TOU rate design with
18 only two pricing periods and assign a fourteen hour on-peak pricing window (8:00 am
19 – 9:59 pm) does not, in my opinion, qualify as a legitimate TOU rate design. Rather it
20 is a rate change proposal. Staff’s TOU rate design will not result in a fundamental
21 behavioral change in customers energy usage patterns. It will save some customers
22 money while they use the same amount of energy over night, but will have a negative
23 impact on others and is likely to produce unintended consequences.

¹⁶ Evaluation, Measurement and Verification of Residential Behavior-Based Energy Efficiency Programs: Issues and Recommendations, U.S. Department of Energy, 2012.

1 Staff’s pricing differential, pricing structure (only two periods), and length of on-
2 peak hours are not designed in a way that the Company can educate customers about
3 the criticality of on-peak periods and the need to shift energy usage outside of those
4 periods, in a way that will drive behavior change and accomplish a key objective, to
5 reduce system peak demand. The point of TOU rates should not be to simply provide
6 for a mechanism for customers to use less energy overall, but rather to partner with
7 customers to shift their energy usage outside of peak periods. In so doing, customers
8 will decrease use during peak periods and use that energy at other times of the day (off-
9 peak periods). Shorter on-peak pricing periods and higher differential in pricing
10 between those periods, accompanied by execution of well-developed customer
11 education and marketing plans will have greater impacts on customer behavior change
12 and energy usage shifts than the TOU rate design proposed by Staff.

13 **Q: Will Staff’s proposal reduce overall peak demand?**

14 A: I don’t believe so. Due to the long on-peak window and minimal pricing differential,
15 it is my opinion that there will be little or no reduction in overall system peak demand
16 from customers. It is doubtful that there will be a significant behavior change by
17 customers to wait until after 10:00 pm to do their normal evening activities that drive
18 system peak, such as running their dishwasher, drying their clothes, cooling their home
19 or charging their car. However, it is highly likely that introduction of Staff’s proposed
20 mandatory TOU rates will cause customer confusion with no clear objective to share
21 with our customers.

22 **Q: Will Staff’s proposal encourage the further deployment of DERs by customers?**

23 A: Similarly, it is my opinion that Staff’s proposal will not further the employment of
24 DERs by customers. There is no evidence of that element in Staff’s proposal and there

1 is no defined objective to do so. Other utilities are piloting TOU tariffs to understand
2 this, similar to the Company’s proposal. Emerging trends indicate that some utilities
3 are rethinking the design of TOU rates. For solar customers, some utilities are offering
4 TOU tariffs that delay the peak period and have a lower midday price in order to make
5 solar integration more attractive. In addition, the differential between on-peak and off-
6 peak is carefully considered; evidence shows that most utilities have adopted a price
7 ratio of at least 2:1 peak to off-peak price.¹⁷ Staff’s differentials are less than this,
8 ranging from 1.27 to 1.74.

9 In addition, research indicates that it is critically important that explicit, up front
10 identification of the utility system and policy objectives are achieved with a TOU rate,
11 such as economic efficiency, deployment of DER technologies, peak load reduction,
12 emissions reduction, and/or more equitable cost/benefit allocation.¹⁸ None of these
13 objectives are supported by Staff’s proposal.

14 **Q: Should the Commission reject Staff’s TOU proposal?**

15 A: Yes. Staff’s proposal does not accomplish any industry adopted objectives of TOU
16 rates. Rather their proposal will only likely introduce customer confusion as to why
17 the utility would offer these TOU rates. Moreover, the introduction of any TOU rates
18 within this case, and with implementation likely within the thirty days following the
19 Commission order, is unheard of and severely discounts the amount of customer
20 education and Company readiness required. The Company’s proposal to offer three
21 TOU pilots and requirement of an evaluation under the constructs of MEEIA will

¹⁷ The National Landscape of Residential TOU Rates: A Preliminary Summary; Ryan Hledik, Ahmad Faruqui, Cody Warner; 2017; Brattle Group.

¹⁸ Guidance for Utilities Commissions on Time of Use Rates: A shared perspective from consumer and clean energy advocates; John T Colgan; Andre Dellatre; Bret Fanshaw; Rick Gilliam; Marcel Hawiger; John Howat; Douglas Jester; Mark LeBel; Ellen Zuckerman; 2017; Electricity Rate Design Review Paper No. 2.

1 provide the opportunity for the Commission, the utility and customers together to
2 define the proper way to move forward with clearly defined objectives.

3 **Q: Does this conclude your testimony?**

4 A: Yes, it does.

**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-2018-0145

In the Matter of KCP&L Greater Missouri)
Operations Company's Request for Authority to)
Implement A General Rate Increase for Electric)
Service)

Case No. ER-2018-0146

AFFIDAVIT OF KIMBERLY H. WINSLOW

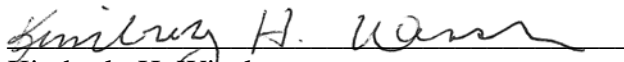
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Kimberly H. Winslow, being first duly sworn on her oath, states:

1. My name is Kimberly H. Winslow. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Energy Solutions.

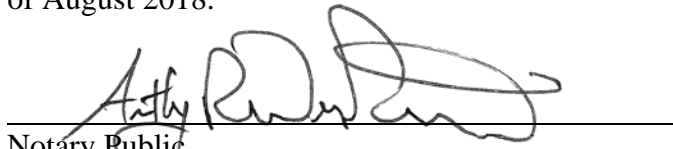
2. Attached hereto and made a part hereof for all purposes is my [Rate Design] Rebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of eighteen (18) pages, having been prepared in written form for introduction into evidence in the above-captioned dockets.

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.



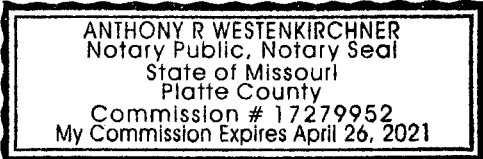
Kimberly H. Winslow

Subscribed and sworn before me this 7th day of August 2018.



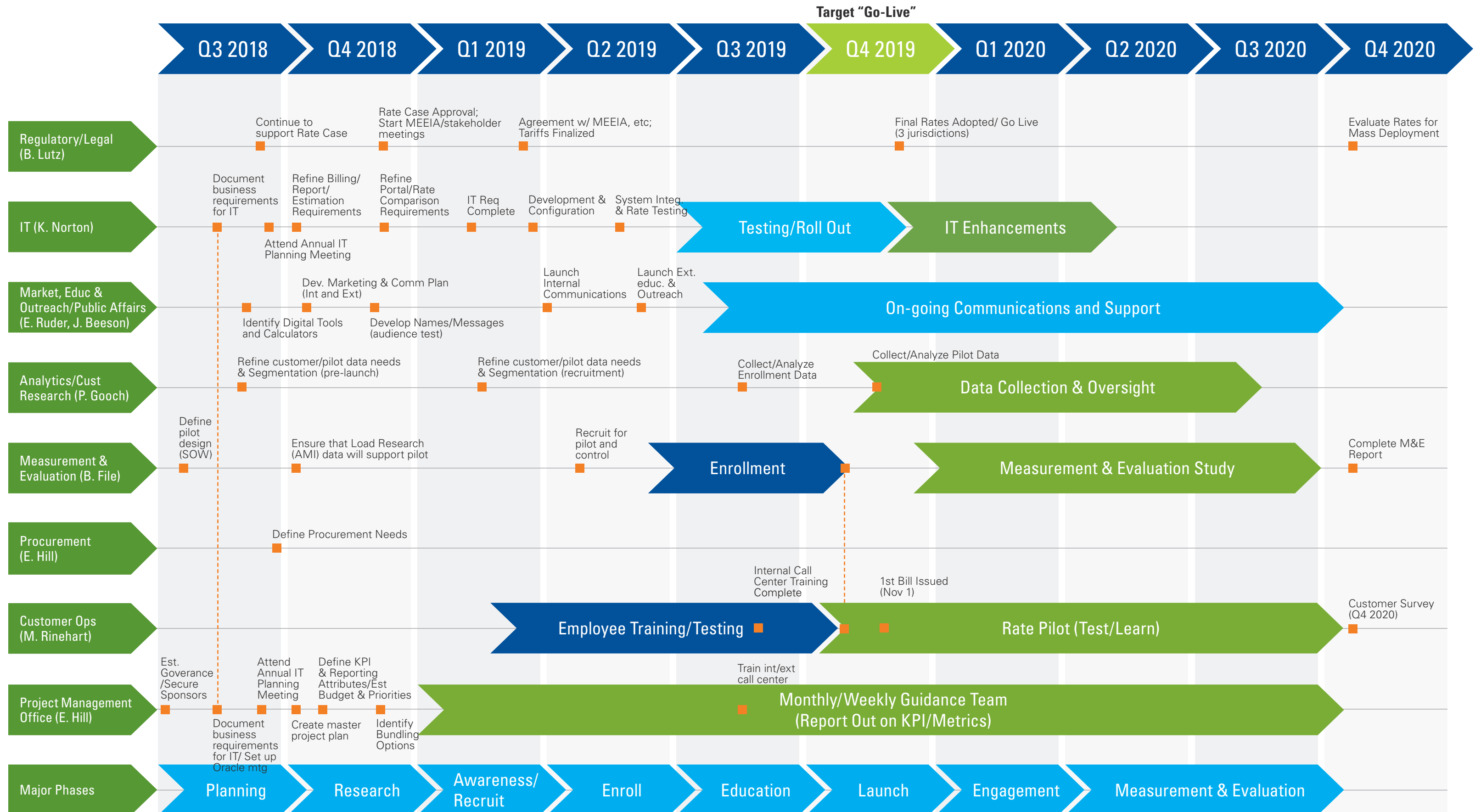
Notary Public

My commission expires: 4/26/2021



KCP&L Demand Side Management Rates Pilot Roadmap — Key Milestones*

(Champion: Kim Winslow)



*High Level Implementation Plan – Final rates and timing subject to variation by jurisdiction