

Exhibit No.:
Issue: Company and Case Overview/Policy
Witness: Darrin R. Ives
Type of Exhibit: Rate Design Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
and KCP&L Greater Missouri
Operations Company
Case Nos.: ER-2018-0145 and ER-2018-0146
Date Testimony Prepared: August 7, 2018

MISSOURI PUBLIC SERVICE COMMISSION

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

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

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

**Kansas City, Missouri
August 2018**

REBUTTAL TESTIMONY

OF

DARRIN R. IVES

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

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 and KCP&L Greater Missouri Operations Company
9 (“GMO”) (collectively, the “Company”).

10 **Q: Are you the same Darrin R. Ives who filed Direct Testimony in both ER-2018-0145**
11 **and ER-2018-0146?**

12 A: Yes, I am.

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

14 A: I will respond to Office of Public Counsel (“OPC”) witness Karl Pavlovic’s
15 recommendation on page 9 of his Direct Testimony that the Commission should order
16 KCP&L and GMO to prepare a “consolidated operation” cost study before the next rate
17 case and file a consolidated rate design in the next rate proceeding for KCP&L and
18 GMO. I also respond to Renew Missouri witness Jamie Scripps’ direct testimony
19 regarding advanced metering infrastructure (“AMI”).

1 **Q: Do you agree that Mr. Pavlovic’s assertion that KCP&L and GMO operate on a**
2 **consolidated basis?**

3 A: In part. While KCP&L and GMO operate on a consolidated basis in many respects, there
4 are numerous instances where KCP&L and GMO are operated and administered
5 separately from one another. Examples include but are not limited to: the Fuel
6 Adjustment Clause (“FAC”), Missouri Energy Efficiency Investment Act (“MEEIA”)
7 programs, and the Renewable Energy Standard Rate Adjustment Mechanism
8 (“RESRAM”, which is in place only for GMO at this time). Consolidation of these cost
9 recovery mechanisms and programs, while possible, needs to be done carefully in order
10 to preserve equity between the KCP&L and GMO customer groups and it is unlikely that
11 consolidating everything could occur in one fell swoop. The KCP&L and GMO
12 generating fleets remain separate and are identified separately on the books and records
13 of KCP&L and GMO, respectively. Moreover, it also needs to be remembered that
14 KCP&L and GMO are separate legal entities subject to different regulatory authorities
15 (KCP&L is regulated at the state level by both Missouri and Kansas while GMO is
16 regulated at the state level only by Missouri). As a result, a substantial portion of
17 KCP&L’s customer serving facilities – including distribution and generation facilities –
18 are subject to allocation between Missouri and Kansas for rate making purposes, a factor
19 not currently present with respect to GMO. The fact that KCP&L is subject to state
20 regulation in both Missouri and Kansas would also complicate the ability of KCP&L and
21 GMO to merge and become one legal entity, although it is not clear that OPC witness
22 Pavlovic contemplates this in his recommendation.

1 **Q: Would a merger of GMO and KCP&L into one legal entity make sense?**

2 A: Possibly, but before such a merger could occur, many issues would need to be resolved
3 and regulatory proceedings at this Commission, the Kansas Corporation Commission and
4 the Federal Energy Regulatory Commission would be necessary.

5 **Q: If KCP&L and GMO are separate legal entities, can they file a consolidated rate**
6 **design?**

7 A: Not necessarily. OPC witness Pavlovic's recommendation seems to assume that the
8 KCP&L and GMO will file their next rate cases at the same time, but recent history
9 shows that KCP&L and GMO do not always file rate cases at the same time. Even if
10 KCP&L and GMO file simultaneous rate cases, consolidating rates is a very complicated
11 process that can have significant impacts on customers that need to be well understood
12 and managed closely to mitigate the potential for unintended negative consequences. In
13 this regard it is notable that the consolidation of the rates of GMO's MPS and SJLP
14 divisions which was effectuated in GMO's most recently concluded rate case (Case No.
15 ER-2016-0156) took place almost fifteen (15) years after MPS and SJLP became
16 affiliated. Although the consolidation of the rates of GMO's MPS and SJLP divisions
17 had been contemplated for years and incremental steps had been taken in previous rate
18 cases to facilitate that consolidation, the process undertaken in Case No. ER-2016-0156
19 was incredibly complicated and it was not at all clear whether full rate consolidation
20 would be achieved until very late in the settlement negotiations of that case.

21 Given our experience consolidating the rates of GMO's MPS and SJLP divisions,
22 and the differences between the current rates of KCP&L and GMO, I believe it is highly
23 unlikely that full consolidation of the rates of GMO and KCP&L could be accomplished

1 in one rate case without having significant negative consequences on many customers.
2 Granted the rate structures show many similarities, however, this is the result of the
3 respective companies making incremental movement over numerous rate cases toward
4 alignment of the rate structures. Early efforts focused on improved alignment of the
5 Residential structures and rate types. Most recently the GMO non-residential rates were
6 restructured to mirror the four-part design used by KCP&L. As just a few examples, I'll
7 point out the following differences in the existing non-residential rates of KCP&L and
8 GMO:

- 9 ▪ GMO offers a Small General Service non-demand rate within this class
10 while KCP&L does not.
- 11 ▪ GMO utilizes an annual base demand mechanism to reflect seasonal cost
12 causation, KCP&L does not.
- 13 ▪ Demand at GMO is measured in 15-minute intervals, while demand at
14 KCP&L is measured in 30-minute intervals.
- 15 ▪ GMO does not offer a Medium General Service class.
- 16 ▪ KCP&L and GMO definitions of summer/winter seasons are different.
- 17 ▪ KCP&L and GMO class minimum demands are different.
- 18 ▪ Allowance would need to be made for customers on frozen rates
19 maintained by KCP&L including frozen rates for electric heating and
20 schools & churches rates

21 Addressing each of these differences would have impacts to customers of one or both of
22 the companies.

1 **Q: Given these substantial differences between KCP&L and GMO, what is your**
2 **opinion regarding the level of complexity associated with consolidating the rates of**
3 **KCP&L and GMO?**

4 A: I want to emphasize that the examples above are not a comprehensive list of all of the
5 differences between the rates of KCP&L and GMO. Based on our recent experience
6 consolidating the rates of GMO's MPS and SJLP divisions, my experience in KCP&L
7 and GMO rate cases during my tenure leading KCP&L's regulatory affairs group, and the
8 many differences between the existing rates of KCP&L and GMO, it is my opinion that
9 attempting to consolidate the rates of KCP&L and GMO in the very next rate cases filed
10 by KCP&L and GMO after the conclusion of these general rate proceedings would
11 almost certainly result in substantial negative impacts to many customers.

12 **Q: Is the Company opposed to preparing a consolidated cost study such as proposed by**
13 **OPC witness Pavlovic?**

14 A: Yes, until more specific details can be learned about the proposal. If Mr. Pavlovic
15 contemplates a consolidated class cost of service study, then the fact that the KCP&L and
16 GMO customer classes are not yet consolidated alone undermines the ability to undertake
17 such a study. Mr. Pavlovic indicates more details will be shared in his rebuttal testimony.
18 Until the detail can be examined, I am unsure how such a consolidated study would be
19 possible. On its face, a study could make sense and the Company might be willing to
20 undertake an appropriate study prior to the next rate cases of KCP&L and GMO under
21 the right circumstances. As part of any consolidated study the Company would need to
22 identify possible steps that could be taken to begin to reconcile differences between the
23 rates of KCP&L and GMO that would facilitate the ultimate consolidation of KCP&L

1 and GMO rates. Some assurance would be needed to protect the Company if the
2 consolidated studies led to actions with unintended consequences when applied to the
3 separate companies. Although completing such a study could be an important first step,
4 simply completing the study does not mean that the rates of KCP&L and GMO can be
5 consolidated at once in the first rate cases for KCP&L and GMO after this case.

6 **RESPONSE TO RENEW MISSOURI**

7 **Q: On p. 14 of Ms. Scripps' direct testimony on behalf of Renew Missouri, she makes**
8 **the claim that since AMI meters are in place, the Company's plan for time-of-use**
9 **("TOU") pilots delays benefits that customers should already be experiencing. Do**
10 **you agree?**

11 **A:** No. Renew Missouri's argument leaves out several key pieces of information. First, the
12 level of AMI deployment is not yet at 100% for either KCP&L or GMO. As of March
13 2018, AMI was deployed to approximately 96.25% of KCP&L's Missouri customers, and
14 to approximately 58.04% of GMO's customers. Next, while the AMI meters allow for
15 TOU billing, the meters were installed for many other reasons which are already
16 providing benefits to customers. The decision to upgrade the system to AMI was based
17 on the obsolescence of the CellNet technology formerly used by the Company and the
18 fact that the contract with CellNet to provide metering data was set to expire in 2014.
19 The network equipment that the Company formerly utilized to read meters has not been
20 manufactured since around 2005. The CellNet modules that were integrated into the
21 meters were retrofitted in meters from 1994-1997 and were at the end of their useful life
22 when AMI was rolled out. In addition, the AMI meters provide functionality not
23 previously available, including the ability to provide: 15-minute interval data for large

1 power customers; daily readings and daily usage; remote connect/disconnect for the
2 majority of all meters; outage notification to assist in service restoration; and notifications
3 of tampering and diversion. Finally, just because a customer has an AMI meter does not
4 mean that they have the information needed to make beneficial use of TOU rates. That is
5 why the Company is proposing a pilot program so that it can roll out the educational
6 programing to provide a better opportunity for customers to understand how to best make
7 use of TOU rates. See Company witness Kim Winslow's rebuttal testimony for more
8 information on this topic.

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

10 **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) Case No. ER-2018-0145
A General Rate Increase for Electric Service)

In the Matter of KCP&L Greater Missouri)
Operations Company's Request for Authority to) Case No. ER-2018-0146
Implement 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.

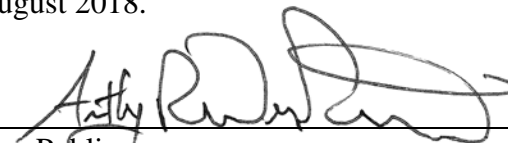
2. Attached hereto and made a part hereof for all purposes is my [Rate Design] Rebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of seven (7) pages, having been prepared in written form for introduction into evidence in the above-captioned 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 7th day of August 2018.



Notary Public

My commission expires: 4/26/2021

