

Exhibit No.:
Issue: KCP&L EEI and Agency Dues
Witness: Elizabeth Danforth
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
and KCP&L Greater Missouri
Operations Company
Case No.: ER-2018-0145 and ER-2018-0146
Date Testimony Prepared: July 27, 2018

MISSOURI PUBLIC SERVICE COMMISSION

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

REBUTTAL TESTIMONY

OF

ELIZABETH DANFORTH

ON BEHALF OF

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

**Kansas City, Missouri
July 2018**

REBUTTAL TESTIMONY

OF

ELIZABETH DANFORTH

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

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

2 A: My name is Elizabeth Danforth. My business address is 1200 Main, Kansas City,
3 Missouri 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 Director of
6 Public 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: Please state your educational background and describe your professional training
11 and experience.**

12 A: I have a Bachelor of Science from William Woods University and a Master’s in Business
13 Administration from the University of Missouri – Kansas City. I’ve worked in the utility
14 industry for 16 years in the public affairs sector. Prior to that I was a marketing and fund
15 development professional in the nonprofit arena. I currently manage the public affairs
16 department at KCP&L which includes leading strategy in government affairs, corporate
17 social responsibility and customer and community affairs.

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

4 A: Yes, I testified before the MPSC in Case No. ER-2016-0285.

5 **Q: What is the purpose of your Rebuttal Testimony?**

6 A: I will respond to Staff’s report concerning Edison Electric Institute (“EEI”) dues and
7 other dues to nonprofit chambers and economic development agencies.

8 **Q: Please explain what services EEI provides the Company.**

9 A: EEI is the association that represents all U.S. investor-owned electric companies. EEI
10 provides services, resources, expertise and established networks on all issues that impact
11 the energy industry. EEI is a clearinghouse for industry best practices and products and
12 provides national leadership that contributes to the long-term viability and service of the
13 electric power industry.

14 **Q: Please explain what the Company requested regarding EEI in this rate case?**

15 A: The Company requests that a portion of all EEI expenses recorded to net operating
16 income (above-the-line) be included in the revenue requirement in this rate case as they
17 support the Company’s ability to provide more reliable and efficient services.

18 **Q: Are a portion of EEI dues already recorded below the line and not included in the**
19 **cost of service in this rate case?**

20 A: Yes. Please see the rebuttal testimony of Company witness Linda Nunn for an
21 explanation.

1 **Q: Staff maintains that customers do not receive benefit from the expenses incurred**
2 **from KCP&L’s participation in EEI. How do you respond?**

3 A: Through the resources EEI provides, EEI helps enable its member utilities, including the
4 Company, to operate more reliably, more effectively, at lower cost, with less
5 environmental impact and more efficiencies. All of these efforts benefit customers.

6 EEI advocates on behalf of its members on legislative and regulatory matters
7 involving the major federal laws that impact the energy industry.

8 The Company and its customers benefit from EEI’s leveraged efforts with other
9 utilities that protect human health and the environment while assuring a reliable and
10 affordable electric power generation, transmission, and distribution system. EEI does so
11 through research and studies and by advocating on legal issues and related policy,
12 scientific, and technical matters arising from related regulations, policies and guidance
13 affecting electricity generation, transmission, and distribution facilities.

14 EEI’s resources provide guidance and insight on energy industry issues including
15 transmission and distribution, generation, physical and cyber security, efficiency, finance
16 and tax, technologies, utility assistance for customers, and upcoming regulatory and
17 legislative issue. EEI helps companies anticipate, react, and adjust efficiently to
18 changing conditions. EEI works with the federal government and regulatory bodies to
19 ensure that new and revised environmental, safety, labor, or financial rules are not unduly
20 burdensome.

21 EEI provides publications, newsletters, and reports that allow companies to
22 benchmark and compare operations, practices, and policies. EEI coordinates with NERC
23 and the regional reliability organizations to ensure that companies can operate efficiently

1 and reliably, saving customers' money and reducing outages. EEI also works with
2 companies to organize mutual assistance for emergency recovery after storms. EEI
3 testing programs allow companies to utilize standardized, non-discriminatory tests to hire
4 the most qualified people, and to avoid the expense of legal challenges.

5 The following examples outline EEI's Environmental Advisory Council
6 participation in important environmental issues that allow the Company to leverage EEI
7 support to effectively manage environmental compliance issues.

8 **Public Policy Leadership** – EEI represents the Company and other member
9 utilities in international negotiations surrounding the United Nations Framework
10 Convention on Climate Change that ultimately resulted in the Paris Agreement. EEI
11 attendance at the negotiations representing the Company leverages membership by
12 avoiding costly international travel.

13 **Strategic Business Intelligence** – EEI organizes interest groups concerning
14 specific environmental and regulatory areas such as carbon capture and storage. The
15 Company participates in these interest groups and leverages the knowledge gained from
16 other utilities conducting site-specific projects minimizing some of the need to conduct
17 those projects ourselves.

18 **Q: Should the Commission in this rate case accept Staff's adjustments associated with**
19 **EEI dues?**

20 A: No. Staff states on p. 109-110 of its Revenue Requirement Cost of Service Report that
21 KCP&L failed to identify or quantify any benefit to customers from participation in EEI.
22 To be fair, the Company did not make an adjustment associated with EEI dues as the test
23 year in this rate case, July 1, 2016 to June 30, 2017 already included a representative

1 level of EEI dues. The Company had already removed during the test year, and recorded
2 on its books and records, 21% of the EEI dues associated with lobbying and legislative
3 activity. These costs were recorded below the line and the Company is not asking for
4 recovery of those costs in this case. As such, the Company did not include any
5 discussion regarding EEI in its Direct Testimony as the test year was already reflective of
6 an annual cost. Staff has filed testimony rejecting these costs because the Company has
7 failed to provide and quantify the benefits of EEI membership. EEI provides a
8 significant benefit to KCP&L through the services it provides to the Company. Placing a
9 dollar value on these services would be extremely difficult task to undertake. Yet, as can
10 be seen from the listing of beneficial services discussed above, the benefits of
11 participation in EEI are far reaching and outweigh the cost of the EEI dues. Thus, the
12 Commission should provide cost recovery of the portion of EEI dues that provide
13 beneficial regulatory services as the Company has already properly separated the cost in
14 the test year books and records.

15 **Q: Staff also removed the cost of dues to community development organizations such as**
16 **the Missouri Chamber of Commerce and Industry and individual city and regional**
17 **chambers of commerce. Do you agree with this adjustment??**

18 A: No. The Company makes membership due payments to approximately 140 chambers
19 and economic development entities throughout its service territory which includes 47
20 counties. While the span and size of these agencies vary greatly, as do the communities
21 they serve, within each agency's mission is supporting businesses and local economies.
22 Historically the Commission has allowed for these dues payments. Please see the rebuttal
23 testimony of Company witness Linda Nunn for an explanation of this.

1 **Q: Please explain why you disagree with the Staff's disallowance of dues paid to**
2 **various organizations listed?**

3 A: Attached to my testimony is Schedule ED-1 which provides the organizations listed in
4 Staff's dues and donations disallowance calculation. They can be grouped into four
5 categories which provide benefits to the Company and ultimately to ratepayers.

- 6 1. Dues paid to economic development agencies and chambers of commerce.
- 7 2. Dues paid to energy associations and other regulatory groups.
- 8 3. Dues paid to help conserve and protect natural resources.
- 9 4. Dues paid in support of local facilities that attract tourism and support
10 local economies.

11 **Q: Please explain how each group provides benefit to both the Company and**
12 **customers.**

13 A: The following provide the benefits of each grouping.

- 14 1. Dues paid to economic development agencies and chambers allow these
15 groups to support the businesses within their own communities. They
16 provide business planning, economic development tools to retain, attract
17 and expand business, networking among other services. These types of
18 dues enhance the Kansas City area and bring new business and jobs to the
19 region. Maintaining a thriving economy in the Company's service
20 territory benefits the Company's customers by increasing, or slowing
21 declines in, the number of customers on the electric system which helps
22 defray cost of service increases that might otherwise result in higher rates
23 for electric service.

1 2. Dues paid to energy associations and other regulatory groups similar to
2 EEI discussed above allow the Company the ability to maintain and
3 protect the utility infrastructure while also providing safe and reliable
4 service to ratepayers. In addition, these same types of dues allow the
5 Company timely access to environmental regulations for compliance
6 purposes and provide a clean energy source to ratepayers.

7 3. Dues paid to environmental agencies help conserve and protect natural
8 resources. Examples include land preservation and enhancement,
9 recycling efforts, comprehensive tree placement and energy and water
10 conservation.

11 4. Dues paid in support of local attraction facilities enhances Kansas City's
12 image as a regional, national and global destination point and brings
13 tourism dollars to the Kansas City Area.

14 **Q: Are there other examples of dues included on Staff's list (found in Staff's**
15 **workpapers) that provide benefit to customers?**

16 **A:** Yes. For example, the Hawthorn Foundation is a non-partisan, non-political organization
17 of Missouri-based businesses and community leaders in statewide business recruitment,
18 retention and development efforts. Its main activities include international trade mission
19 support resulting in trade agreements with other regions, economic development
20 marketing and business recruitment through the Missouri Partnership; support for the
21 expansion of Missouri's Innovation Campuses and support/advocacy for the Department
22 of Defense economic footprint in Missouri. Our membership investment provides
23 support for the efforts focused on the attraction of new business/KCP&L customers. The

1 potential new load from these customers benefits the entire customer base by improving
2 the overall load curve which allows our system to perform more efficiently.

3 **Q: In summary, should Staff's disallowance of various dues and donations be accepted**
4 **by this Commission?**

5 A: No. The Company's dues go directly to the products and services these chambers and
6 economic development entities provide their communities. Increased economic growth
7 benefits customers by increasing the tax base which supports, maintains, and improves
8 local infrastructure, such as roads, parks, libraries, and emergency medical services.
9 Increased economic growth supports job development, retention and attraction, business
10 retention and economic diversification. The membership dues provided in the
11 Company's cost of service are an important part of the overall cost of service of the
12 Company and Staff's disallowance should not be accepted in this case.

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

14 A: Yes, it does.

KCPL-MO Test Year Dues

Explanation of Benefits to Ratepayers

Dues paid to chambers of commerce, economic development associations, tourism facilities and similar agencies help these groups support their local businesses and help retain, expand and attract new businesses. These groups deploy many tools such as business planning, economic development tools to site new businesses and networking services and events. KCP&L does not receive anything of benefit from dues payments. When these agencies are successful, the entire state and its residents benefit through increased commerce, expanded businesses and economic growth to the region.

CHAMBER OF COMMERCE OF GREATER KC
ASIAN AMERICAN CHAMBER OF COMMERCE
CHAMBER OF COMMERCE OF GREATER KC
CIVIC COUNCIL OF GREATER KC
DOWNTOWN COUNCIL OF KANSAS CITY
EASTERN JACKSON COUNTY BETTERMENT
HEARTLAND BLACK OF COMMERCE CHAMBER
KANSAS CITY INDUSTRIAL COUNCIL
KANSAS CITY REGIONAL TRANSIT ALLIANCE
KANSAS CITY SMARTPORT
KANSAS ECONOMIC DEVELOPMENT ALLIANCE
KANSAS ECONOMIC PROGRESS COUNCIL
LEES SUMMIT CHAMBER OF COMMERCE
LIBERTY AREA CHAMBER OF COMMERCE
MIDAMERICA GAY AND LESBIAN CHAMBER
MINORITY CONTRACTORS ASSOCIATION OF
MISSOURI CHAMBER OF COMMERCE & INDUSTRY
MISSOURI COMMUNITY ACTION NETWORK
MISSOURI MUNICIPAL LEAGUE
NORTH KANSAS CITY BUSINESS COUNCIL
NORTHEAST JOHNSON COUNTY
NORTHEAST KANSAS CITY CHAMBER OF
NORTHEAST INDUSTRIAL ASSN
NORTHLAND REGIONAL CHAMBER OF COMMERCE
NORTHWEST ROUNDTABLE INC
PARKVILLE CHAMBER OF COMMERCE
PLATTE COUNTY ECONOMIC DEVELOPMENT
PUBLIC AFFAIRS COUNCIL
SEDALIA AREA CHAMBER OF COMMERCE
SOUTH KANSAS CITY CHAMBER OF COMMERCE
SOUTHWEST JOHNSON COUNTY ECONOMIC
ST JOSEPH DOWNTOWN ASSOCIATION

Dues paid to energy associations and other regulatory groups allow KCP&L the ability to maintain and protect the utility infrastructure, while also providing safe and reliable service to ratepayers. In addition, these same types of dues allow the company timely access to environmental regulations for compliance purposes, and also provides a clean energy source to the ratepayers.

EDISON ELECTRIC INSTITUTE

EI provides essential services and resources, industry best practices and products as well as national leadership that contribute to the long-term viability and service of the electric power industry. EI's services and products help its member companies operate more reliably, more effectively, at lower cost, with less environmental impact, and more efficiencies. All of these efforts benefit KCPL and GMO customers. KCPL officers and other members of the leadership participate on advisory committees, utilize workroom resources and attend conferences and meetings related to industry topics as well as technical-specific issues.

ELECTRIC DRIVE TRANSPORTATION ASSOC

The Electric Drive Transportation Association (EDTA) is the trade association promoting battery, hybrid, plug-in hybrid and fuel cell electric drive technologies and infrastructure. EDTA conducts public policy advocacy, provides education and awareness, and enables industry networking and collaboration.

MISSOURI ENERGY DEVELOPMENT ASSOCIATION (MEDA)

MEDA provides services and advocacy for the state's investor owned utilities by advocating balanced policies in legislative and regulatory arenas. MEDA provides credible public policy leadership, pivotal industry awareness and education, and strategic business intelligence.

MISSOURI ENERGY INITIATIVE (MEI)

MEI is a nonpartisan, nonprofit association of public and private-sector entities working together to increase energy economic development, innovation, and education throughout the state. MEI serves as an independent public policy group on emerging energy issues and focuses on being a trusted source of energy information for Missouri and the Midwest. The organization encourages creative collaborations and promotes affordable, reliable and sustainable energy efforts.

REGFORM

REGFORM is a statewide business association that works closely with state and federal agencies at the front end of the regulatory process to provide sound and technically defensible input on environmental regulations and policies. REGFORM's primary objective is the development and negotiation of environmental regulations and policies in Missouri that are based on sound science and that produce demonstrated environmental improvements commensurate with the costs involved for compliance.

Dues paid to help conserve and protect natural resources.

Dues paid in support of these facilities enhances Kansas City's image as a regional, national and global destination point and brings tourism and millions of dollars to the area. KCP&L has limited opportunity to take advantage of space for business meetings.

Dues paid to support professional licensing for employees to ensure that KCP&L attracts and retains qualified individuals.

STATE BAR OF MICHIGAN
STATE OF NORTH CAROLINA
THE CENTRAL EXCHANGE

Other:

BOSTON COLLEGE FOR CORPORATE CITIZENSHIP

Charitable Contribution

