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Witness: Marisol E. Miller
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

REBUTTAL TESTIMONY

OF

MARISOL E. MILLER

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
December 2016

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REBUTTAL TESTIMONY

OF

MARISOL E. MILLER

Case No. ER-2016-0285

Q: Please state your name and business address.

A: My name is Marisol E. Miller. My business address is 1200 Main, Kansas City, Missouri 64105.

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

A: I am employed by Kansas City Power & Light Company ("KCP&L" or "Company") as Supervisor – Regulatory Affairs.

Q: On whose behalf are you testifying?

A**:** I am testifying on behalf of KCP&L.

Q: Are you the same Marisol E. Miller who filed Direct Testimony in this proceeding?

A: Yes, I am.

Q: What is the purpose of your rebuttal testimony?

A: The purpose of my Rebuttal Testimony is to address a number of issues presented by the Staff of the Missouri Public Service Commission ("Staff"), the Missouri Department of Economic Development Division of Energy ("MODOE"), Renew Missouri, The Sierra Club, U.S. Department of Energy ("US-DOE"), and the Missouri Industrial Energy Consumers ("MIEC"). Those issues include:

I. Retail revenues – responding to Staff.

II. Class Cost of Service Studies – responding to Staff, MIEC, and the U. S. Department of Energy (US-DOE).

III. Rate Design - responding to Staff, MIEC, MODOE, US-DOE, and Sierra Club.

IV. Response to Certain Commissions Questions-responding to Staff and MODOE.

I. RETAIL REVENUES

Q: Have you reviewed the Staff's Report entitled "Revenue Requirement Cost of Service" as it addresses the retail revenues filed in the Staff cost of service?

A: Yes. The Staff Report on pages 60 through 69 addresses the retail revenues supported by the Staff. Witnesses for Staff's adjustment are Mr. Michael L. Stahlman, Dr. Seoung Joun Won, Ph.D., Mr. Matthew R. Young, and Ms. Michelle A. Bocklage.

Q: Briefly explain what the basis of the retail revenues are and what they are used for in this case.

A: Typically, retail revenues are used as the basis for determining the rate levels for the increase/decrease in the rate proceeding. The test period retail revenues are established based on weather normalized and customer annualized retail sales levels, at current retail rates. The test period in this proceeding is 12 months ending December 31, 2015, adjusted for known and measurable items through December 31, 2016. The Company's filing followed that process and developed its test period retail sales levels based on actual test period results by weather adjusting the sales of customers for that period (i.e. weather normalization). As a result of the last rate case, the Company went through a process of identifying Commercial and Industrial customers who would be better off on alternative rate. Adjustments for this were made to customer levels. Additionally, an adjustment was made to reflect the energy efficiency programs for test period sales to reflect appropriate sales for the true-up period sales levels. It then projected what the expected customer levels would be as of December 2016 and applied the weather

normalized retail sales of customers to reflect customer levels as of December 2016 for all months in the test period (i.e. customer annualization). This is discussed in more detail in the testimony of Albert Bass. The current rates were then applied to the December 2016 customer normalized/annualized sales levels to determine the retail revenues to be used as the basis in the case.

If the overall cost of providing service to customers exceeds these retail revenues, an increase in current retail rates is warranted. Likewise, if the cost of service is less than the retail revenues, a decrease in current rate levels is warranted.

Q: Did the MPSC Staff follow the above process as described?

A: Staff's only went through the update period of June 30, 2016, and did not go beyond that period in determining its revenue levels used in there direct testimony. It's unclear if the Staff followed the process above as there are major differences in the revenues calculated by the Company and Staff that are presumed to be over the same update period.

Q: Presuming the MPSC Staff did follow the typical process for calculating revenues as outlined above, do you agree with their methodology and calculations?

A: Given the material differences in calculated revenues between the Company and Staff, this is a difficult question to answer at this time.

Q: What are some of the major drivers that appear to be contributing to the difference in revenues?

A: At this time, there are several known differences which include the following: 1) the customer growth calculation, 2) the treatment and adjustment for rate switchers, 3) LPS billing adjustments, and 4) the treatment of lost sales associated with the implementation of MEEIA programs in the annualization of Staff unit sales and sales revenues. Issues 1-

3 are all discussed in the rebuttal testimony of Company witness Albert R. Bass, Jr. and Issue 4 is discussed in the rebuttal testimony of Company witness Tim Rush.

Q: Are the above factors the only ones at issue with the MPSC Staff's calculated revenues?

A: No. In addition to the above, there appears to be significant differences with the methodologies used by the Staff and the Company for assigning usage across the energy and demand blocks which materially impact how revenues are calculated. While this may impact all classes, these differences are especially pronounced in the LPS Class. These variances may be influenced by the differences in estimating retail base sales, particularly the treatment of customer shifts as outlined above.

Q: Has the Company communicated their concerns with Revenues to the MPSC Staff?

A: Yes, the Company has had several conference calls with Staff and has been able to identify a number of issues that MPSC Staff has agreed to research further. However, there are still a number of outstanding issues that remain unresolved at this time.

Q: Will the MPSC Staff be updating any of their data inputs or adjusting any of their calculations based on the Company's discussions with them?

A: Based on discussions with MPSC Staff, there appear to be plans to research items and make some adjustments in True-up, but it's unclear to what extent Staff plans to adjust their data, calculations, or assumptions. It's the Company's hope that for issues and differences that are clearly a result of errors, that the Company and Staff can work together to provide additional information if needed and make corrections necessary by the True-up period.

II. ELECTRIC CLASS COST OF SERVICE STUDY

Q: Please explain the Company's Class Cost of Service Study offered in this proceeding.

A: The Company prepared a Class Cost of Service ("CCOS") Study based on the Average & Peak production allocation method. The CCOS study is used to directly assign or allocate each relevant component of cost on an appropriate basis in order determine the contribution that each customer class makes toward the Company's overall rate of return. The CCOS analysis strives to attribute costs in relationship to the cost-causing factors of demand, energy and customers. Based on the results of the CCOS study, the Company identified three proposals for this case;

1.) No class revenue shifts based on the rate of return results

2.) Apply the increase equally to the remaining classes (adjusted for pre-MEEIA opt-out revenues) across bill components

3.) Apply no increase to the Lighting Class (unmetered)

Q: Have you reviewed the Direct Testimony provided by the parties in this case concerning the CCOS?

A: Yes. I have reviewed the Direct Testimony of Ms. Sarah Kliethermes and Mr. James Busch on behalf of Staff, Mr. Maurice Brubaker on behalf of MIEC, and Mr. Michael Schmidt representing the US-DOE.

Q: Could you show a comparison of the various CCOS presented in this filing?

A: The following identifies the relative rates of return for the provided studies. Rates below 1.0 indicate the class is not providing revenues to cover its costs. Rates greater than 1.0 indicate the class is providing more revenue than is needed to cover its costs.

Comparison of Class Cost of Service Studies - Relative Rate of Return								
Party	**Production Allocation**	**Total**	**RES**	**SGS**	**MGS**	**LGS**	**LPS**	**Lighting**
KCP&L	Ave. & Peak	1.00	0.72	1.48	1.26	1.30	0.88	1.70
Staff	BIP	1.00	1.02	1.25	1.24	1.03	0.65	1.32
MIEC	Ave. & Excess (4NCP)	1.00	0.45	1.38	1.30	1.58	1.46	1.70
US-DOE	4CP	1.00	0.50	1.34	1.25	1.54	1.27	3.85

Review of these results reveals some consistent themes. The Residential rates provide results at or below their relative rate of return. The Small, Medium, and Large General Service rates are consistently shown to provide a higher relative rate of return than the average. The Large Power relative rates of return are less consistent across the studies. Further, the relationship between the residential relative rate of return and the Large Power relative rate of return varies based on the method used to allocate production plant. Production allocation methods that rely more heavily on peak demands allocate more cost to the residential class while methods that rely more heavily on energy allocate more cost to the Large Power class. The Lighting class shows extreme variation in results which has been common in previous cases and is likely due to the unique characteristics of lighting.

Q: Please describe the most significant difference between the Company's CCOS study approach and the CCOS study offered by the other parties?

A: The primary difference is with the method used to allocate production costs. Production costs are the largest cost allocated within the study and as a result, the method used can change the results of the study. The Company study utilized an Average & Peak allocation method. This method seeks to recognize that production plant is utilized for

both demand and energy. By contrast, the 4CP method proposed by US-DOE focuses entirely on coincident peak demands, particularly the demands in the four summer months. The Staff utilized the Base, Intermediate, Peak method that uses three different allocations based on the use of the production assets. Finally, MIEC utilize an Average & Excess method.

Q: What is your opinion concerning the Base-Intermediate-Peak (BIP) method utilized by Staff?

A: The Company has utilized the BIP method previously in Missouri, but has utilized Average in Peak in its last three general rate cases in Missouri and Kansas, as outlined in Case No. ER-2014-0370, and 15-KCPE-116-RTS and by Greater Missouri Operations (GMO) Company in Case No. ER-2016-0156. Additionally, KCP&L had also used the Average & Peak method in Case No.'s ER-2006-0314 and ER-2007-0291. For a time, the Company believed the BIP method to be reasonable, but due to concerns with the transition of the SPP to an Integrated Marketplace (IM) with centralized dispatch, the Company decided the Average & Peak method was more appropriate. To utilize the BIP allocator one must assign the generating units into base, intermediate, and peak groups based on their use. Prior to the IM market, the Company provided its own generation to meet its load requirements. With the introduction of the IM market, we no longer use our generation to meet the Company's load requirements, but instead sell generation into the SPP market and buy our load requirements for the SPP market. It is the Company's belief that the IM market change impacts the suitability of the BIP method as the production allocation.

Q: **Do you have any other concerns with the MPSC Staff's CCOS study?**

A: Yes. It should be emphasized that the Company has significant concerns with the revenues being calculated by the MPSC Staff as noted above that would undoubtedly have an impact on the CCOS they performed. It is the Company's hope that these issues can be resolved soon, so as to ensure that the MPSC Staff CCOS does not contain errors resulting from the material revenue differences described above.

Q: Do you agree with MIEC's A&E-4 NCP allocation or US-DOE's 4CP for production and transmission facilities?

A: There are many allocation methods that can be used in the class cost of service studies in a case. The Company is challenged with finding a method that best represents their respective belief of how the costs occur. The A&E and 4-CP methods will generally shift costs to customer classes that rely more on demand consumption rather than energy consumption. While I do not support the methods proposed in this proceeding, they may have merit from a specific perspective and viewpoint, but they don't best match the Company's belief of how costs occur.

Q: What is your preferred method?

A: I believe an Energy Weighted approach, such as the Average & Peak method, is more cost effective and less subjective than the BIP method proposed by Staff, and properly gives classes recognition for both usage and contribution to peak load. I believe it provides the most balanced and reasonable results of the studies offered in this case.

Q: Did the Company perform an analysis before switching Production Cost Allocation methods?

A: Yes, in 2012, the Company reviewed industry data and information available within the public domain, including the National Association of Regulatory Utility Commissioners' ("NARUC's") "Electric Utility Cost Allocation Manual" published in January 1992 with the objective of validation of the production plant allocation method being used and exploring other possible alternatives. The Company reviewed an informal survey performed by the Edison Electric Institute on plant allocation methods. Finally, we looked at testimony from recent Missouri and Kansas rate proceedings, exploring the positions offered by parties on the topic. The evaluation considered the three main categories of production allocation defined in the NARUC materials; Peak Demand, Energy Weighted, and Time Differentiated methods. After considering all allocation theories and ensuring that the selected method aligned with the principles of reflecting actual planning and operating characteristics, cost causation, recognizing the broad set of customer class characteristics and their usage, and producing stable results on a year to year basis, the Company selected the utilization of the Energy Weighted approach, specifically the Average & Peak Production Plant Allocation method, incorporating a four (4) Coincident Peak (CP) component. An Energy Weighted approach was viewed to be cost effective, balanced through its incorporation of energy, and less subjective than other methods. Utilization of the Average & Peak method is an energy-weighted method of production plant allocation that gives classes recognition for both usage and contribution to peak load.

Q: What is your impression of the studies offered?

A: Each study follows the normal structures and utilizes allocation methods, particularly for production plant, which are recognized by NARUC in their cost allocation manual. The respective allocation methods allow the parties allocate costs on the basis of their point of view. Review of the other methods and allocations identified only a few areas of concern primarily with comparability driven by differences in the choice of Production Plant allocation methodology as noted above.

Q: How should the Commission utilize the studies and the varied results?

A: I believe that each CCOS study holds value and that some collective view might be warranted. Regardless, the CCOS results should only be used as a guide and that bill impacts, revenue stability, rate stability and public acceptance must be considered. In making my proposal, I considered the rates of return between the classes and noticed our study did show some opportunity for a class shift from the General Service Classes to the Residential and Large Power classes. However, in reviewing the magnitude of change needed to move the residential and Large Power rates of return and the potential impact of those shifts combined with the proposed revenue increase, I recommend no shift in revenues to classes based on the outcome of my class cost of service study at this time. The CCOS study provides the Commission good information concerning those topics.

III. ELECTRIC RATE DESIGN

Q: Please explain the Company's position regarding rate design in this proceeding.

A: The Company is requesting an increase in rates of $90.1 million (10.77%), which includes the rebasing of fuel for the FAC. The Company is proposing that the requested increase be applied to the classes on an equal percentage basis with a reflection of a

redistribution of MEEIA opt out revenues to the Non-Residential classes, across billing components. Given the results of the CCOS, no rate increase is being proposed to the Lighting class.

Q: Have you reviewed the Direct Testimony provided by the parties in this case concerning rate design?

A: Yes. I have reviewed the Direct Testimony of Ms. Sarah Kliethermes on behalf of Staff, Mr. Maurice Brubaker on behalf of MIEC, Mr. Michael Schmidt representing the US Department of Energy, Mr. Doug Jester representing Renew MO and Sierra Club, and Mr. Martin Hyman representing Missouri Department of Economic Development Division of Energy.

Q: Please describe those testimonies.

A: The Direct Testimony filed by Staff witness Ms. Sarah Kliethermes proposes 1) a revenue neutral shift in revenue from all classes to the LPS class if no change in overall revenue requirement is ordered. Specifically, Staff recommends that the LPS class's revenue responsibility be increased by approximately $2.35M, with a reduction to the Lighting class's responsibility of approximately $100K and the remainder of the reductions spread equally across the remaining classes. If an increase of up to 0.62% of current revenues is granted, that increase would be applied to the LPS class only-but no other class would receive a rate reduction. If an overall increase is awarded that exceeds 0.62% of current revenues, the revenue neutral shifts described above in the no change in overall revenue requirement. 2) Staff further recommends that any Pre/Non-MEEIA revenue requirement not recoverable through the Missouri Energy Efficiency Investment Act (MEEIA) be allocated to applicable classes based on that class's level of kWh less

opt-out customers. 3) The amount of revenue ordered for KCP&L not associated with Pre/Non-MEEIA revenue requirement would be allocated to various customer classes as an equal percent of current base revenues after adjustments outlined in Step 1) above. 4) Each rate component of each class would be adjusted on an equal percentage after consideration of Steps 1) - 3) above.

Mr. Brubaker, representing the Industrials, supports a revenue neutral cost of service adjustment moving each class 25-50% of the revenue differential. The Residential class would experience an increase while all other classes would receive a decrease. Any remaining increase would then be applied on an equal percentage basis to all classes with the exception of the Large General Service and Large Power classes. For these classes Mr. Brubaker proposes that the tail-blocks of the energy charge should not be changed, the middle blocks be increased by 75% of the remaining increase, and the balance of the remaining increase applied equally to the remaining billing components.

Mr. Schmidt, representing US-DOE, supports movement toward cost based rates in this case subject to principles of gradualism. Specifically, Mr. Schmidt suggests the Commission cap rate increases for any particular rate class at the greater of one-third (33 percent) more than the system average percentage rate increase or three percent above the system average percentage rate increase. Class rate changes below the system average should be limited to double these levels (e.g. two thirds less than the system average) prior to any reallocation of revenues necessitated by the proposed caps on rate increases.

Mr. Doug Jester, representing Sierra Club, recommends the rejection of the Company's proposal to increase the customer charge for residential customers. He then recommends migration away from declining block rates and a movement toward

inclining block rates to the extent the bill impact does not exceed 5% for the 95th percentile of customers and initiate a process to evaluate and potentially move toward time-of-use rates.

Mr. Martin Hyman representing Missouri Department of Economic Development Division of Energy, recommends moving KCP&L's residential general use rate towards a flat structure in the winter and an inclining structure in the summer, with iterative transitions in subsequent cases to fully flat or inclining winter block rates.

Q: What is your initial impression of the proposals offered?

A: Some proposals reject the Company's proposal concerning the Residential Customer Charge, or include recommendations, on a revenue neutral basis, to move costs to certain classes based on reliance on different CCOS studies utilizing different methodologies and assumptions, and a number of stakeholders share an interest for the Company to move to toward utilization of inclining block rates.

Q: Please describe your concerns with the MPSC Staff's proposal?

A: As mentioned in the Revenues section of my testimony above, the Company has significant concern with the MPSC Staff's methodology for calculating revenues. It is unclear to the Company yet what the exact drivers are for the material differences. It is our hope that MPSC Staff will be able to provide additional information to assist the Company in reconciling these differences. Any error in revenues would certainly impact CCOS study results and any conclusions and recommendations for rate design made that relied on that information.

Additionally, assuming the revenues in the MPSC Staff's CCOS can be relied upon; the concern with the Staff rate design is that it did not take into account the

customer shifts that will almost assuredly result from its proposal. Staff's proposal does not explore the disruption of the relationship between the Large General Service and the Large Power rate groups, leading to the potential rate switching impact of its proposal. Staff's proposal recommends increasing the Large Power class, while leaving the Large General Service class unchanged. These opposing changes will certainly upset the relationship of these rates.

Q: Please describe your other concerns with the other proposals?

A: Beginning with the Residential Customer Charges, several witnesses including Mr. Doug Jester representing Renew MO and the Sierra Club recommend denial of any increase or a desire to keep customer charges artificially low, perhaps irrespective of associated customer related costs, largely ignore the latest CCOS study completed by the Company that supports an increase. The Company's current CCOS supports an increase to the monthly Residential Customer Charge to $16.68, significantly more than the charge proposed by the Company.

Mr. Martin Hyman representing the MODOE recommends the Company transition to an Inclining Block Rate structure. Under current rate design policies, there is a desire to limit the customer charge to recovery of only customer-related costs and often the final customer charge is set at rates amounts below the amounts supported by CCOS studies. Under the current Residential two part rate structure, if the customer charge only recovers customer-related costs, the result is that all remaining cost recovery falls into the energy charge. As a means to recover any remaining fixed costs of facilities and demand costs, rate designers place those costs in the first blocks of the energy rate structure, ensuring that all customers pay these costs as they progress through the billing

blocks. This has the effect of creating a declining block relationship. MODOE's proposal views all costs as "variable". The Company does not agree with this view as it ignores the very real fixed costs that the Company has and how recovery of its revenue requirement will be achieved given the consumption disincentive inherent in MODOE's recommendation. As such, the Company does not support MODOE's proposal.

For rate design proposals relying on a CCOS study using a Production cost allocator that largely penalizes customers that rely more on demand consumption than energy consumption, the Company is unable to support them at this time.

IV. RESPONSE TO CERTAIN COMMISSION QUESTIONS

On August 8, 2016 the Commission ordered Staff to file a proposed tariff that would provide for a discounted volumetric rate or customer charge, or a waiver or reduction of line extension related charges, or some other mechanism to reduce bills of customer accessing infrastructure identified as under-utilized. On August 24, 2016 the Commission ordered Staff to consider inclusion of the following issues in their Direct Testimony. Other interested parties were also invited to consider them as well. The issues included: 1) Installation of AMI smart meters for residential and commercial customers, 2) Plug-in Electric Vehicle Rate (reference made to Georgia Power's tariffs), 3) Optional Residential Time-of-Use rates (hourly) and Time-of-Day rates (reference made to Ameren MO tariffs), 4) PACE Property Assessed Clean Energy programs, 5) PAYS Pay As You Save programs.

Q: Will you be addressing all of these issues?

A: Company witness(es) Mr. Tim Rush will be addressing issues 1 and 2 referenced above and Mr. Brian File will be addressing issues 4 and 5 above in response to several parties.

I will be responding to the Optional TOU issue discussed by Staff and MODOE and the Infrastructure issue.

Q: Have you reviewed the Staff's testimony on Residential Time-of-Use and Time-of Day Rate Designs in the Report Responding to Certain Issues?

A: Yes.

Q: Would you please summarize that testimony?

A: Yes. In the report, Staff discusses a conference call held with the Company to discuss the issue. The report concludes with a number of details concerning a program to test the role of time-of-use rates to mitigate upgrades on the distribution system.

Q: Do you agree with the design as detailed in the report?

A: I agree that the design represents a plausible approach to exploring the issue; I do not agree that the Company is ready to pursue the program at this time. The single conference call was useful to gain an understanding of the many requirements, issues, and limitations associated with testing dynamic pricing. The Company was interested in supporting Staff's efforts in responding to the Commission questions, but I am concerned that a move to performing a field trial is premature.

Q: Why is it premature?

A: Multiple studies are underway within the KCP&L and GMO companies to explore dynamic rates and demand side efforts. As these studies have not been completed, it is unclear if time-of-use rates are the best means to address peak load issues. To be more specific, in ER-2014-0370 the Commission ordered KCP&L to complete a study regarding the redesign of its time-of-use rates within two years of the effective date of that order. That date would be September 15, 2017. Similarly, in ER-2016-0156, the

Commission ordered GMO to study time-of-use rates for GMO including time-of-use residential and SGS rates, critical peak rates, Electric Vehicle time-of-use rates for stand-alone charging stations, time-of-use rates applicable to Electric Vehicle charging associated with an existing account, Real Time Pricing, Peak Time Rebates, and other rate types which could encourage load shifting/efficiency. GMO will propose rates based on this study no later than its next rate case or rate design case. These studies will provide more understanding of the role of dynamic rates and help determine an appropriate path forward for these rates. Finally, I should mention that other work is being done within the Integrated Resource Planning process to examine demand side rates. This effort includes review of time-of-use as well as other rate designs that could be used by the Company.

Q: What is your recommendation concerning the Commission question on Residential Time-of-Use and Time-of Day Rate Designs?

A: I recommend that the Commission allow the studies mentioned previous to be completed before moving onto the next step. The program outlined in the Staff report should be tabled until a time where its applicability can be verified. This will help ensure that right work is done at the right time to achieve a result that is part of an overall plan and avoid the likelihood of unproductive effort.

Q: Have you reviewed the Staff's testimony on Infrastructure Efficiency in the Report Responding to Certain Issues?

A: Yes.

Q: Would you please summarize that testimony?

A: Yes. In the report, Staff discusses the work performed in File No. EW-2016-0041, the Working Case to Consider Mechanisms to Encourage Infrastructure Efficiency, as well as a conference call held with the Company to discuss the issue. After exploring some of the distribution cost identified in company Class cost of Service studies, Staff offers two primary recommendations to meet the goal set by the Commission. First, Staff recommends customers in "impacted areas" receive a monthly discount. The amount would vary by customer class. Second, Staff recommends that KCP&L modify its facility line extension tariff to "more fully consider the incremental cost a customer causes to a system."

Q: Do you support these recommendations?

A: In general, no. Based on an interpretation of how the discount might work, the discount is not a reasonable way to address underutilized infrastructure. Concerning the recommendation for tariff revision, as the Company process already makes similar considerations, the need for revision is not clear.

Q: Please expand on these positions. Beginning with the proposed discount, why do you believe this is not reasonable?

A: As I understand the Staff recommendation, it is proposed that the Company provide a discount roughly equal to the customer-related distribution revenue requirement to customers locating in "impacted areas." To be clear, the Company does not support providing any discount to a customer currently located in those areas as the discount will do nothing to impact the utilization of facilities. Assuming the proposed discount is directed only to new customers in an impacted area, the approach is uncertain at best to

provide any real improvement in infrastructure utilization. First, utilization levels can vary dramatically over time. At the time of initial construction, a level of contingency is included in the design. The need for contingency in the design expands as you move up the network of the distribution grid as diversity in customer loads can lead to significant fluctuations in utilization from hour to hour, day to day, and season to season. To define an "impacted area" one must define what under-utilized means. Further, once defined, the level of utilization must be actively monitored to insure the facilities do not become fully loaded or even overloaded. The potential dynamics associated with monitoring could render the proposed discount unmanageable. Further, what is to happen as the condition varies over time? It is conceivable that facilities could be measured as under-utilized, change to become fully or over-utilized; only to later return to an under-utilized condition. Would it be expected to apply, remove, and then apply the discount over that period?

Examining the discount further, broadly applying the discount to an area does not insure better facility utilization within those areas. When a customer is provided service, the facilities installed are based on the expected, individual need of the customer. If that customer fails to achieve those estimated loads, the utilization level for the area could be negatively impacted. As proposed, it would appear customers will receive the discount simply by locating in an area, not for providing a positive impact to the utilization of the facilities in that area.

As these examples highlight, a discount model, applied indiscriminately to an "impacted area" does not achieve the goals set by the Commission. It is my opinion that the best place to address infrastructure utilization is within the facility extension and/or

economic development policies. Within these processes, the individual customer is evaluated as well as the area they intend to locate; the policies incorporate features that recognize the benefit of utilizing existing infrastructure. The current line extension processes require the customer to pay for all extension costs beyond a standard minimum extension and those not covered by some portion of revenues expected to be received from the extension. With this design, customers utilizing higher amounts of existing infrastructure will be charged a lower amount for their extension than customers requiring more new infrastructure. Within the Economic Development Rider, customers are monitored to ensure they maintain prescribed load levels to continue receiving the rider credits.

Q: Turning to the proposal to modify the facility extension tariff, why do you believe this is not reasonable?

A: As I note in the previous response. The existing tariffs provide mechanisms to consider the cost of facilities. Staff highlights the GMO tariff in its recommendation to modify the KCP&L tariff. Although I would agree the tariff is more voluminous, the application of the tariff between the KCP&L and GMO is very similar, particularly in the areas of facility utilization. There is no evidence that the KCP&L tariff and related processes are not adequately charging customers for the expansion of facilities on their behalf. Further, the KCP&L Economic Development Rider tariff explicitly includes language concerning facility utilization.

Q: What is your recommendation concerning the Commission question on Infrastructure Efficiency?

A: I believe the KCP&L tariff and processes are adequate as they are and no additional change is needed at this time. In its December 8th response to Staff questions the Company identified 16 circuits that were at least at 50% of rated capacity available under normal and contingency scenarios. Given there are hundreds of circuits in the service areas of KCP&L and GMO, this does not seem indicative of a widespread problem. Closer examination of the list would also identify a number of rural circuits. Rural circuits are subject to seasonal loading and depending if more advanced criteria were used, could reduce the listing even further.

Q: In its last general rate case file in Case No. ER-2014-0370, the Commission ordered the Company to complete a study addressing time-of-use rates within two years of the effective of rates in that case or no later than September 15, 2017. The MODOE is requesting the Commission order the Company to file this study upon its completion. What's your response?

A: The Company fully intends to complete the study as ordered by the Commission and has no concerns with filing it upon its completion.

Q: Does that conclude your testimony?

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-2016-0285

AFFIDAVIT OF MARISOL E. MILLER

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

John R. Carlson, being first duly sworn on his oath, states:

1. My name is Marisol E. Miller. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Supervisor – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light 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.

Marisol E. Miller

Subscribed and sworn before me this 30th day of December, 2016.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200