

Exhibit No.:
Issue: Revenue – Customer Growth
Witness: Robin Kliethermes
Sponsoring Party: MoPSC Staff
Type of Exhibit: True-up Direct Testimony
Case No.: ER-2014-0370
Date Testimony Prepared: July 7, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

TRUE-UP DIRECT TESTIMONY

OF

ROBIN KLIETHERMES

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2014-0370

Jefferson City, Missouri
July 7, 2015

**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-2014-0370

AFFIDAVIT OF ROBIN KLIETHERMES

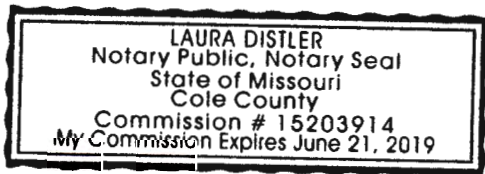
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

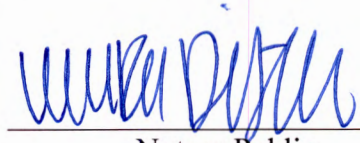
COMES NOW, Robin Kliethermes and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached True-up Direct Testimony; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Robin Kliethermes

Subscribed and sworn to before me this 7th day of July, 2015.




Notary Public

1 **TRUE-UP DIRECT TESTIMONY**
2 **OF**
3 **ROBIN KLIETHERMES**
4 **KANSAS CITY POWER & LIGHT**
5 **CASE NO. ER-2014-0370**

6 Q. Please state your name and business address.

7 A. Robin Kliethermes, 200 Madison Street, Governor Office Building, Jefferson
8 City, Missouri.

9 Q. By whom are you employed and in what capacity?

10 A. I am a Regulatory Economist II with the Missouri Public Service Commission
11 (“Commission”).

12 Q. Are you the same Robin Kliethermes who has previously filed surrebuttal
13 testimony and rebuttal testimony and filed testimony as part of Staff’s Revenue Requirement
14 Cost of Service Report and Staff’s Rate Design and Class Cost of Service Report in this case?

15 A. Yes.

16 Q. What is the purpose of your true-up direct testimony?

17 A. The purpose of my true-up direct testimony is to address the impact of the
18 customer growth adjustment on Kansas City Power & Light’s (“KCPL”) true-up rate revenues
19 through the true-up cut-off date of May 31, 2015.

20 Rate revenues are updated through the true-up period in order to “match” all revenues
21 and costs. The matching principle keeps revenues, expenses and rate base in a proper
22 relationship for a set period of time. Employing a true-up period helps implement the

1 matching principle by providing the Commission a common basis for considering utility
2 revenues and expenses over an annual period.

3 **CUSTOMER GROWTH ADJUSTMENT TO RATE REVENUES**

4 Q. What adjustments are made to rate revenues to reflect the true-up period
5 ending May 31, 2015?

6 A. For true-up, Staff updates normalized and annualized rate revenues to reflect
7 known and measurable changes in the number of customers between the end of the update
8 period, December 31, 2014, and the end of the true-up period, May 31, 2015.

9 Q. How does the ending number of customers by class for the end of the update
10 period compare to the ending number of customers at the end of the true-up period?

11 A. Table 1, below, shows the change in the number of customers from December
12 31, 2014, to May 31, 2015:

Table 1: Number of Customers	
Class	Difference From Dec. 2014 to May, 2015
Large General Service	(31)
Medium General Service	(8)
Small General Service	16
Residential	1,768

13
14 Table 1 shows that the Large General Service class (“LGS”) had a decrease of 31¹
15 customers; the Medium General Service class (“MGS”) had a decrease of 8 customers; while
16 the Small General Service class (“SGS”) and the Residential class experienced an increase in
17 the number of customers.

18 Q. How does the ending number of customers by class for the true-up cut off of
19 May, 2015 compare to customer numbers by class for April, 2015?

¹ Customer numbers are based on KCPL response to Staff data request 330.

1 A. Table 2, below shows the change in the number of customers from April, 2015
2 through May, 2015.

Table 2: Number of Customers	
Class	Difference From April, 2015 to May, 2015
Large General Service	(17)
Medium General Service	(36)
Small General Service	(37)
Residential	(849)

3
4 Between April, 2015 and May, 2015, every customer class experienced a decrease in
5 the number of customers. Schedule RK-1, attached, provides a summary of the number of
6 customers per month from December, 2014 to May, 2015.

7 Q. Did this large fluctuation in customer totals cause a concern to Staff?

8 A. Yes.²

9 Q. Why did this large fluctuation in customer totals cause a concern to Staff?

10 A. The fluctuation in the number of customers between December, 2014 and May,
11 2015 were specifically a concern to Staff for the LGS rate class. The LGS class has had
12 approximately 1,000 customers since April, 2013 but drops slightly below 1,000 customers in
13 March, 2015 and continues to decrease to 980 customers in May, 2015.

14 The SGS and Residential rate classes were not as much of a concern because these
15 classes have a greater number of customers and tend to fluctuate from month to month.
16 Although the MGS rate class had a large fluctuation in the number of customers between
17 April, 2015 and May, 2015, the class's overall change in the number of customers between
18 December, 2014 and May, 2015 was small.

² Staff sent a supplemental data request (DR. 330.1) regarding Staff's concern in the fluctuation of customer numbers.

1 Q. Did 17 LGS customers cease receiving service from KCPL in May of 2015 for
2 a total of 31 LGS customers lost since December, 2014?

3 A. No. In KCPL's response to Staff data request 330.1, KCPL stated, "The
4 customer numbers decreased from April 2015 to May 2015 due to customers responding to
5 rate analysis letter they received and opting to change to a more favorable rate..." Staff
6 interprets this statement to imply that not all of the 31 customers ceased receiving service
7 from KCPL, but rather switched rate classes and have not yet received a bill on their new rate
8 schedule;³ therefore, the customers were not included in the customer counts for May, 2015.

9 Q. If those customers have not ceased to receive service from KCPL, is it
10 appropriate to reduce KCPL's revenues as though those customers have ceased receiving
11 service from KCPL?

12 A. No.

13 Q. How have you accounted for rate switching customers who have left one class
14 in May of 2015, but have not yet been billed in the new class as of May, 2015?

15 A. As a preliminary adjustment, in order to avoid decreasing revenues based on a
16 number of customers that reflects a loss of customers who have not actually left the system,
17 Staff's true-up growth adjustment annualizes the ending customer numbers as if the customers
18 who switched rates did not switch, and were still served on their original rate schedules in
19 May, 2015.⁴

³ Depending on when the customer exactly switched rate classes it could affect their billing cycle. For example, if the customer switched in the middle of a bill cycle they may receive a partial bill accounting for their usage that occurred on the old rate schedule and it may be an entire month or length of a new bill cycle before they receive a bill on their new rate schedule.

⁴ Staff received KCPL's response to data request 330.1 on July 1, 2015, and Staff is still analyzing each individual customer that switched rate schedules in May, 2015. Upon analysis of these customers, Staff will update its growth adjustment if necessary. Based on Staff's limited review, thus far, of the data provided to Staff on July, 1st, Staff's preliminary adjustment is more generous to KCPL than it is likely that Staff's final adjustment will be.

1 Q. Have you made an adjustment for customers who may switch rates if the
2 Commission adopts the rate design recommended in the Non-Unanimous Stipulation and
3 Agreement filed in this case?

4 A. Not at this time. Staff believes an adjustment of no greater than approximately
5 \$250,000 may be warranted for customers on the LPS rate schedules. Based on Staff's
6 preliminary review, it is likely that any adjustment would be much smaller, or that no
7 adjustment will be necessary. Additionally, Staff will seek confirmation that rate design
8 letters were sent to affected customers who may switch rate schedules based on the outcome
9 of the rate design approved in this case.

10 Q. Has KCPL sent customers letters regarding customer-specific rate analysis
11 before?

12 A. Staff has sent KCPL a data request asking for additional information regarding
13 the rate analysis letters that KCPL sent to customers during the true-up period, but the data
14 request is not due until after true-up direct testimony is to be filed.

15 Q. Does this conclude your testimony?

16 A. Yes, it does.

Summary of Number of Customers: December 2014 - May 2015

Class	Number of Customers Per Class						Difference From Dec.-14 to May-15	Difference From April-15 to May-15
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15		
Large General Service	1,011	1,006	1,009	994	997	980	(31)	(17)
Medium General Service	5,418	5,415	5,409	5,406	5,446	5,410	(8)	(36)
Small General Service	25,878	25,830	25,925	25,933	25,931	25,894	16	(37)
Residential	241,895	242,818	244,123	244,240	244,512	243,663	1,768	(849)