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Witness: Tim M. Rush
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2014-0370

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
June 2015

"[redacted]**" Designates "Highly Confidential" Information Has Been Removed.**

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SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

Case No. ER-2014-0370

Q: Please state your name and business address.

A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: Are you the same Tim M. Rush who pre-filed Direct and Rebuttal Testimony in this matter?

A: Yes, I am.

Q: What is the purpose of your Surrebuttal Testimony?

A: The purpose of my Surrebuttal Testimony is to address certain issues raised in the Rebuttal Testimony of various parties in this case as outlined below:

Fuel Adjustment Clause ("FAC") **–** Missouri Public Service Commission ("MPSC" or "Commission") Staff ("Staff") witness Dana E. Eaves, the Office of the Public Counsel ("OPC") witness Lena M. Mantle, the Missouri Industrial Energy Consumers ("MIEC") and OPC witness James R. Dauphinais.

Trackers – Staff witnesses: Mark L. Oligschlaeger and OPC witness: William Addo.

Class Cost of Service ("CCOS")/Rate Design – Michael Scheperle, Sarah Kliethermes, Robin Kliethermes, and Byron Murray on behalf of Staff, Maurice Brubaker and Greg Meyer on behalf of MIEC and Midwest Energy Consumers' Group ("MECG") (collectively, "Industrials"), Geoff Marke and David Dismukes on behalf of the OPC and

Martin Hyman on behalf of the Missouri Department of Economic Development-Division of Energy (“DE”).

Q: How is your Surrebuttal Testimony presented to address these various issues?

A: As outlined in the table of contents above, I will address them by topic.

FUEL ADJUSTMENT CLAUSE

<u>Dana E. Eaves (Staff)</u>

Q: Would you please describe the Rebuttal Testimony of Staff witness Dana E. Eaves as it pertains to the FAC?

A: Mr. Eaves first argues that the Company has failed to show that fuel and purchased power costs are beyond KCP&L’s control and/or volatile. The volatility of fuel and purchased power costs is addressed by Company witness Blunk’s Rebuttal Testimony at pp. 22-24. Mr. Blunk’s analysis showed that KCP&L’s net energy costs for 2006-2013 were significantly more volatile than other Missouri utilities.

Next, Mr. Eaves presents his opinion on how an FAC should be designed if it is adopted by the Commission. He recommends that the Company’s FAC include a so-called “sharing mechanism”, where KCP&L is only allowed recovery of 95% of the fuel costs and shareholders are responsible to pay for 5% of those costs as a reduction to its earnings. I disagree with this characterization in that the 95/5 convention arbitrarily disallows recovery of 5% of cost increases and arbitrarily deprives customers of the benefit of 5% of cost reductions. I will describe it as the 95/5 convention. Staff believes the 95/5 convention creates an economic incentive to reduce the amount of unrecovered costs the utility will experience. The problem with this thinking is that KCP&L has a very limited ability to control its FAC-related costs. As such there is really no effective incentive in the 95/5 convention. If the Commission chooses to adopt the 95/5 convention, KCP&L suggests that it would be more reasonable to include a provision that defers the 5% of cost increases that are not recovered through the year-to-year operation of the FAC and that such costs would be included in rates after prudence review, assuming no prudence disallowance is adopted by final order of the Commission. This provision would also flow 100% of cost reductions through to the benefit of customers.

In addition, Mr. Eaves recommends exclusion from the FAC of certain Southwest Power Pool, Inc. ("SPP") transmission costs incurred by KCP&L, arguing that these costs support the operation of SPP, and are not needed for KCP&L to buy and sell energy to meet the needs of its customers. Mr. Eaves' argument ignores the fact that KCP&L cannot participate in SPP without paying these fees. This is further addressed in the testimony of Ryan A. Bresette. If KCP&L does not participate in SPP then it cannot buy or sell energy to meet its customers' needs since the Company purchases its entire load requirements from SPP. Staff's exclusion of these fees ignores the reality of the SPP integrated market.

<u>Lena M. Mantle (OPC)</u>

Q: Please summarize the Rebuttal Testimony of Lena M. Mantle as it pertains to the FAC.

A: Ms. Mantle argues that fluctuations in off system sales ("OSS") should not be considered in determining whether an FAC should be granted; that if the Commission does consider OSS in its analysis, that changes in KCP&L's OSS do not support the need for an FAC; and that if an FAC is granted a mechanism that disallows 50% of cost increases from recovery and deprives customers of 50% of cost reductions (the "50/50 convention") is needed. Ms. Mantle criticizes the graph that I presented in my Direct Testimony as inappropriate because it shows the total OSS revenues, rather then the net of fuel cost.

Q: Do you agree that the graph Ms. Mantle shows provides a better picture?

A: I think either one of these graphs shows exactly what I am trying to address, that OSS are volatile. One note is that Mr. Mantle fails to show the graph back to the same period which I pictured in my Direct Testimony. Had she done so, it would have shown additional volatility.

Q: Do you agree with Ms. Mantle's assertion that KCP&L will recover all its costs, regardless of the Company's efforts if it does not have a sharing mechanism?

A: I do not. If KCP&L is allowed to implement an FAC mechanism, the Company's fuel and purchased power costs will be reviewed through a prudence audit of the Commission, which analyzes all actions taken by the Company.

Q: How do you respond to Ms. Mantle's position that a sharing mechanism of 50/50 should be implemented if KCP&L is granted an FAC in this proceeding?

A: Her position is unsupported and arbitrary. Adoption of such a proposal would not be conducive to KCP&L earning its Commission-authorized return on equity as the Company would be subject to the potential for sizeable windfall gains or losses due to swings in FAC-related costs. It also does not recognize the reality of the new SPP market nor does it reflect what other utilities are allowed to recover.

<u>**James R. Dauphinais (MIEC/OPC)**</u>

Q: Would you comment on Mr. Dauphinais' position on the exclusion of wholesale transmission expenses from the FAC?

A: Mr. Dauphinais is right on point when he indicates that SPP region-wide transmission projects and zonally-allocated transmission projects are expected to increase (page 6 of his Rebuttal Testimony). What he fails to talk about are the savings that come from these increased expenditures. As noted in my Rebuttal Testimony, SPP has quantified the savings from the expansion of the transmission network. See Rebuttal Testimony of John R. Carlson, pages 9-10, where he describes savings at the SPP Integrated Marketplace ("IM") of $210 million on a 12 month rolling basis. My Rebuttal Testimony addresses the savings identified from the SPP transmission project recently completed between the Iatan power plant and Nashua substation in the daily prices coming out of Iatan. All of these savings would flow through the FAC as a reduction in the costs of fuel and purchased power, and would be directly credited to customers by the reduction in the FAC. But, if SPP transmission costs are excluded from the FAC as Mr. Dauphinais' advocates, the Company would not be able to adequately recover the costs of the transmission expansion projects. Those increased costs would impact the earnings of the Company on an ongoing basis. This is an unfair condition where the shareholders are required to pay for the projects until such time as the Company can file a rate case and request a new level of transmission costs. In the meantime customers receive all of the benefits of the enhanced transmission system and the prior transmission expense increases are never recovered by the Company.

Q: Are there alternatives to this that the Commission should consider?

A: Yes, if the Commission determines that costs for the expansion of region-wide transmission projects are not to be included in the FAC, then it should reflect these increases above the base amount in rates in a deferred account to be addressed in the next rate case or directly provide the expected dollar increase in rates in this case, which could be trued-up in the next case. This would address the issue in this case and preserve possible future recovery of those costs for a future case, if the costs are deferred, or provide the expected increase in this case for the time rates will be in effect. Minimally, it nets the costs and benefits to balance the interests of customers and company. These two alternatives offer the Commission a positive alternative to addressing the issue rather than having the Commission's decision become almost instantly obsolete because of cost increases.

Q: Would you comment on Mr. Dauphinais' Rebuttal Testimony, page 7, about which wholesale transmission expenses and revenues may be included in an FAC?

A: Yes. My Rebuttal Testimony addresses the factual points about the operation of the SPP market where the Company sells it entire generation into the SPP market, not directly to KCP&L retail customers. It then buys, from SPP, energy to serve its retail customers based on the requirements of customers. There is no link between the energy sales to SPP from KCP&L's generation resources and the purchase from SPP to serve retail customers of KCP&L.

Q: Do other Company witnesses address Mr. Dauphinais' issues?

A: Yes, Company witnesses Ryan A. Bresette, John R. Carlson and Burton L. Crawford address his testimony regarding the SPP IM and the impacts it has on KCP&L.

Q: Does KCP&L have an obligation to SPP regarding its generation fleet?

A: Yes. KCP&L is obligated to have capacity, not energy, capable of meeting its retail demand at its system peak. This has nothing to do with meeting its hourly energy needs of its customers, which comes from SPP.

Q: On page 19 of Mr. Dauphinais' Rebuttal Testimony, he speaks to the "absurdity" of the Company purchasing its energy needs from SPP and how no fuel costs would be assigned to KCP&L's customers – only purchased power costs would be assigned to customers. How do you respond?

A: While Mr. Dauphinais may believe it is absurd, his quarrel is with FERC Order 668 and SPP's exercise of a normal business practice. As discussed in more detail by Ryan Bresette, FERC's Order 668 requires the Company to net purchases and sales so that at the end of each accounting period the Company calculates and books an adjustment to purchases and an adjustment to sales so only the net values are reflected on the Company's books. Unrelated to FERC's Order 668 is the normal business practice of netting receivable dollars and payable dollars for each billing period for a given counterparty. As our counterparty, SPP calculates the net receivable or payable dollars. We also calculate that net dollar amount to verify SPP's invoice amount.

Mr. Dauphinais is right in saying, "The entire output of KCPL's generation facilities would be dedicated to the production of off-system sales" however his conclusion that it does not serve KCP&L's customers is misguided. It simply serves KCP&L's customers differently today that it did prior to the March 1, 2014 implement of SPP's Integrated Marketplace ("IM"). While the generation from the Company's generation facilities may not serve its customers directly, the profits do.

Q: What do you mean that under the IM it is not the generation but the profits from KCP&L's generation that serves its customers?

A: Under the IM, all generation that serves KCP&L's load is purchased from SPP. If and when SPP dispatches one of KCP&L's generation facilities to serve SPP's aggregated load, it pays KCP&L for that generation the Locational Marginal Price ("LMP") at that generator. To the extent that LMP is greater than the production cost of that generation, KCP&L accumulates a margin. Much like how OSS margins used to act as a credit against fuel expense, these margins effectively as a credit against the cost of power purchased from SPP to support load. Because KCP&L's customers receive the full benefit of those margins on the sales from the Company's generation facilities to SPP they are receiving the full benefits of those generation facilities.

The Net Energy Cost shown in Schedule TMR-4 of my Direct Testimony was designed to correctly deal with this. It is a good representation of the net cost of providing energy for our customers. The various recommendations to "cherry-pick" selected components out of the Net Energy Cost could create a mismatch between costs and revenues that were meant to offset one another.

Q: What if the Commission does not allow transmission costs to be included in the FAC, but provides for this either through a deferred account to be addressed in a future case or provides for an increase in this case to address the expected increases in SPP costs?

A: It is apparent that all parties agree that transmission costs are increasing at a very rapid rate. Two considerations should be addressed, should the Commission elect not to include transmission costs in the FAC or if the Commission does not allow for an FAC in this case. The Commission should consider establishing a tracker for these transmission costs. Alternatively, while these costs are expected to increase over time, it would be appropriate to reflect the expected increases in transmission costs in the current rate case. This could easily be done so that the Commission could reflect an amount above the base amount in the case to reflect expected costs that will occur. In the Surrebuttal Testimony of Company witness John R. Carlson, he provides a budget for 2016 and 2017 for KCP&L transmission costs for account 565. The budget amount are **[redacted]** million in 2016 and **[redacted]** million in 2017. On a jurisdictional basis for Missouri, this would represent an average annual transmission costs of approximately **[redacted]**. The base amount in this case is approximately $61 million for total KCP&L, $35 million on a KCP&L Missouri jurisdictional level. The costs are therefore anticipated to increase for the KCP&L Missouri jurisdiction by approximately $5 million annually over the next two years. By increasing the Company's cost of service by $5 million and tracking this amount such that at the time of the next rate case, if the increased costs were less than projected, the Company would return that amount to customers, plus interest at the applicable short-term interest rate. The base amount will be updated in the true-up of this case, so a refinement to this adjustment to reflect this difference could be made at that time. If the costs were above this amount, the Company would simply have to absorb that amount as a reduction in earnings. This could essentially operate like an IEC in the FAC rules and similar to how the Company previously treated off-system sales margins during the CEP.

TRACKERS

<u>Mark L. Oligschlaeger (Staff)</u>

Q: Would you describe the position taken by Staff witness Mark L. Oligschlaeger pertaining to the Company's request for tracker mechanisms for property tax expense, vegetation management expense and cybersecurity costs.

A: Mr. Oligschlaeger presents his opinion of what he believes constitute the basis for an acceptable tracker and in what circumstances they should be employed.

Q: Do any of Mr. Oligschlaeger's statements cause you concern?

A: Yes. On page 7, line 19, Mr. Oligschlaeger states, "First, excessive use of trackers would tend to unreasonably skew ratemaking results either in favor of the utility or in favor of its customers." This statement implies that there are winners and losers in the use of a tracker mechanism. This is not the case, as the tracker neither permits over- or under-recovery of costs. The tracker simply preserves the increases or decreases in costs until the next rate case, at which time rate recoverability would be addressed. He then states; "Secondly, broad use of trackers would inevitably dull the incentives a utility has to operate efficiently and productively under the rate regulation approach employed in Missouri." Staff's position is that the cost increases the Company, the Commission and all parties know will be occurring immediately after rates go into effect should somehow be lessened by improvements in efficiencies the Staff believes the Company is expected to achieve. This position is negated by the uncontrollable and unmanageable nature of the costs for which the Company is asking for trackers. Staff's position boils down to the meaningless and unhelpful position of "No trackers, because the Company can always be managed better."

Q: How does he characterize each of the trackers for which Staff recommends denial?

A: Mr. Oligschlaeger's general recommendation for the Company, not unsurprisingly, seems to be: Just come in for another rate case.

Property Tax – It appears that Mr. Oligschlaeger recommends that a better way for the Company to manage this cost for customers is to litigate property tax assessment decisions made by the state taxing authorities (page 10 of his Rebuttal Testimony). The Company respectfully disagrees with Mr. Oligschlaeger's management approach here. Suing the assessor every year in hopes of keeping down property taxes on its face seems like a fairly wild plan and would not seem to be particularly cost-effective.

Vegetation Management Expenses – Mr. Oligschlaeger recommends the utility accelerate its vegetation management programs and then file a rate case and ask for cost recovery and recognition of benefits at that time on what he calls an equal and balanced basis (page 11 of his Rebuttal Testimony). Company witness Jamie Kiely has presented the cost, benefits and need for each of the programs proposed by the Company. I think Mr. Oligschlaeger's approach is – Company, you pay for it now and then, customers – you get the benefits for free until the Company files a case.

Critical Infrastructure Protection ("CIP")/Cybersecurity Costs – Mr. Oligschlaeger argues that these are not a new concern for utilities and costs associated with these activities are not new to KCP&L. He also believes that KCP&L's request is "premature" because CIP version 5 is not effective until April 1, 2016. Staff's approach ignores the reality of these costs. As described in the testimony of Company witness Joshua F. Phelps-Roper, CIP costs are not of the same nature as previous CIP/cybersecurity efforts undertaken by the Company. Moreover, the Company's request is not premature as KCP&L has spent considerable time and effort in planning and preparing to meet the requirements imposed by "Version 5" of the CIP/Cybersecurity requirements. Company witness Joshua F. Phelps-Roper provides the plan and budget in his Rebuttal Testimony.

Q: Do you have a recommendation in response to Staff's tracker testimony?

A: Yes. Based on the consistent opposition to the vegetation management tracker and particularly the program additions, the Company will table two of the proposed new programs but recommends inclusion of $103,610 annually in the Company's cost of service to reflect the inclusion of the cost of the Emerald Ash Borer ("EAB") program. This would increase the Company's cost of service for tree-trimming by $103,610 annually. The Company will work with the Staff and other parties to address the other two programs following completion of this case. The Company still recommends the inclusion of a tracker mechanism. The vegetation management tracker was not primarily about the escalating costs for vegetation management. It is about the timing of rate cases and operating one program covering three jurisdictions.

Q: Are there significant advantages to the tracker?

A: Implementing the tracker would allow KCP&L to work with Staff and other parties to address the other two programs to determine whether they should be implemented. If it were determined to move forward, then the program costs would be captured to be addressed in the next case.

Q: What if the Commission does not allow for a vegetation management tracker?

A: The Company would request the inclusion in rates of $103,610 in the Company's cost of service to cover the additional costs of the EAB program.

<u>William Addo (OPC)</u>

Q: Please describe the testimony of William Addo as it pertains to the issue of a vegetation management tracker?

A: Mr. Addo's graph on page 8 of his Rebuttal only shows KCP&L costs for Missouri and Kansas, but does not include the costs for KCP&L Greater Missouri Operations Company ("GMO") which would have provided a much better picture of overall vegetation management costs and cost escalation. It would also support the reason for the requested tracker.

Mr. Addo notes on pages 9-10 of his Rebuttal Testimony what I consider the primary reason as to why a tracker mechanism is appropriate for vegetation management costs. He states that the Company's request for additional expenses to address the three new tree trimming activities proposed by the Company, is ""speculative" because the costs are based on estimates that are currently not known and measurable." (Addo Rebuttal, p. 10, ll. 4-5) This is one of the primary reasons why a tracker is essential for vegetation management, but instead Mr. Addo essentially says since it cannot be measured by history, it should not be done.

Q: Is the cost of KCP&L's proposed EAB mitigation effort known and measurable?

A: Yes. As indicated in the Rebuttal and Surrebuttal Testimony of KCP&L witness Jamie Kiely, the Company has committed to institute a 12-year EAB mitigation program and has commissioned a thorough study of the issue which clearly articulates costs and benefits (in the form of avoided costs) of the EAB program. These costs are therefore known and measurable.

Q: What does Mr. Addo say about the Company's request for a property tax tracker?

A: His position is that a property tax tracker should be denied. He believes that the current methodology utilized to calculate the Company's annualized property tax amount accurately captures the known and measurable on-going level of property tax expense and there is no need for a tracking mechanism.

Q: Do you agree with Mr. Addo on his position regarding property taxes?

A: Absolutely not. As is shown in the following table, over the last eight years the Company has under-recovered over $21 million in its total KCP&L filings because of the lag between when rates take effect and the property taxes charged to the Company. This has resulted in an under-recovery of approximately $11.6 million for the KCP&L Missouri jurisdiction. I would disagree with Mr. Addo that the methodology accurately reflects the property tax costs when rates become effective.

Property Taxes

Year	Rate Case	Rates Effective Date	Amount in Rates	Actual	Difference
2007	ER-2006-0314	1/1/2007	$ 58,696,047	$ 58,979,061	$ (283,014)
2008	ER-2007-0291	1/1/2008	59,435,790	61,949,297	(2,513,507)
2009	ER-2009-0089	9/1/2009	60,734,520	58,903,542	1,830,978
2010			63,331,979	62,880,492	451,487
2011	ER-2010-0355	5/4/2011	70,324,537	73,909,886	(3,585,349)
2012			73,820,816	76,446,625	(2,625,809)
2013	ER-2012-0174	1/26/2013	76,770,303	81,533,338	(4,763,035)
2014			76,770,303	86,870,907	(10,100,604)
			$539,884,295	$561,473,148	$(21,588,853)

Q: Please summarize the position Mr. Addo takes with regard to KCP&L's requested CIP/cybersecurity tracker.

A: Again, as with the property tax tracker and vegetation management tracker, Mr. Addo recommends that the Commission deny the CIP/cybersecurity tracker. His first point for denial is the idea that the Company will have a "blank check" to comply. Second, Mr. Addo thinks these costs are not new and are no different than other security expenditures. Third, he fears it will "open the floodgates" to other Missouri utilities to request tracking for similar costs.

Q: How do you respond?

A: The idea of a "blank check" has been addressed in the Rebuttal Testimony of Company witness Joshua Phelps-Roper where he provides the budget, management oversight and project management. To Mr. Addo's second point, the budgets presented by Company witness Phelps-Roper are not simply just keeping up, but are incremental costs necessary to comply with the new security standards. To his third point, it might, but this may well be appropriate.

Q: What if the Commission does not allow a tracker for CIP/cybersecurity costs?

A: It is apparent that all parties agree that CIP/cybersecurity costs are increasing due to implementation of government mandated programs. Should the Commission elect not to allow for the CIP/cybersecurity tracker as requested by the Company, the Commission should increase the Company's cost of service to reflect the expected increases in CIP/cybersecurity in the current rate case. This could easily be done so that the Commission could reflect an amount above the base amount in the case to reflect expected costs that will occur. As presented in the Surrebuttal Testimony of Company witness Joshua Phelps-Roper, the budgeted costs, excluding capital, for the CIP/cybersecurity programs for 2016 and 2017 are **[redacted]**. This would result in a jurisdictional amount of approximately **[redacted]**, or **[redacted]**. If base rates for these programs in the test period reflected **[redacted]** for KCP&L Missouri, then an adjustment to rates of approximately $3.5 million annually would be appropriate. By increasing the base amount by $3.5 million and tracking this amount such that at the time of the next rate case, if the increase costs were less than projected, the Company would return to customers, plus interest at the applicable short-term interest rate. If the costs were above this amount, the Company would simply have to absorb that amount as a reduction in earnings. This could essentially operate like an interim energy charge ("IEC") in the FAC rules and similar to how the Company previously treated off-system sales margins during the Comprehensive Energy Plan ("CEP"). The base amount will be updated in the true-up of this case, so a refinement to this adjustment to reflect this difference could be made at that time.

Q: What if the Commission does not allow a tracker for property taxes?

A: It is apparent that all parties agree that property taxes are increasing. Should the Commission elect not to allow for the property tax tracker as requested by the Company, the Commission should increase the Company's cost of service to reflect the expected increases in property taxes in the current rate case. This could easily be done so that the Commission could reflect an amount above the base amount in the case to reflect expected costs that will occur immediately after rates go into effect. In the Surrebuttal Testimony of Company witness Melissa Hardesty, she provides a budget for 2016 and 2017 for property taxes for KCP&L. The budget amount is **[redacted]** million in 2016 and **[redacted]** million in 2017. On a jurisdictional basis for Missouri, this would represent approximately **[redacted]** respectively. The base amount in this case is approximately $49.5 million. The costs are therefore anticipated to increase for the KCP&L Missouri jurisdiction by approximately $11.3 million over the next two years, or about $5.6 million average per year. By increasing the Company's cost of service by $5.6 million and tracking this amount such that at the time of the next rate case, if the increased costs were less than projected, the Company would return that amount to customers, plus interest at the applicable short-term interest rate. If the costs were above this amount, the Company would simply have to absorb that amount as a reduction in earnings. This could essentially operate like an IEC in the FAC rules and similar to how the Company previously treated OSS margins during the CEP. The base amount will be updated in the true-up of this case, so a refinement to this adjustment to reflect this difference could be made at that time.

CLASS COST OF SERVICE & RATE DESIGN

Q: Have you reviewed the Rebuttal Testimony provided by the parties in this case on both the CCOS study and rate design?

A: Yes. For questions addressed in this section I have reviewed the Rebuttal Testimony of Michael Scheperle, Sarah Kliethermes, Robin Kliethermes, and Byron Murray on behalf of Staff, Maurice Brubaker and Greg Meyer on behalf of the Industrials, Geoff Marke and David Dismukes on behalf of the OPC and Martin Hyman on behalf of DE.

Michael S. Scheperle (Staff)

Q: Would you summarize Mr. Scheperle's rate design Rebuttal?

A: Mr. Scheperle responds to the revenue requirement class allocation proposals, the proposed Commercial and Industrial customer charge changes, and the recommendations for intra-class revenue allocations. Turning to his response concerning the Commercial and Industrial customer charge changes, Mr. Scheperle walks through the proposals offered by the parties to this case. Staff maintains its recommendation for charges to be increased by the system average. This is largely in line with the Company position.

Next, concerning the recommendations for intra-class revenue allocations, Mr. Scheperle summarizes Staff position concerning the Company's proposed residential customer charge, summer and winter energy charges, and other rate adjustments.

One item I wish to address concerns the intra-class shifts within the small, medium, and large general service rates. On page 13 of his testimony Mr. Scheperle rejects the changes suggesting they are excessive or conflicted. I wish to reinforce that the corrections proposed by the Company are offered to restore continuity to the rates where it has been lost over the past number of cases. In my review of the rates, the separately metered heating rate, a rate which uses a dedicated second meter to separately meter the winter heating usage of the customer was out of alignment with the last energy block of the single meter heating rate. As both of these blocks are intended to price the customers heating load, the Company is proposing to restore this alignment.

<u>Sarah Kliethermes (Staff)</u>

Q: Would you summarize Ms. Kliethermes' CCOS Rebuttal?

A: Ms. Kliethermes reviews the production allocators used by the Company and the Industrials within their respective CCOS studies. She also provides her opinion of energy cost and cost causation.

Q: Do you have any comments concerning Ms. Kliethermes' discussion of production allocators?

A: Yes. While I generally agree with the discussion offered I must reinforce the concern offered in my Direct and Rebuttal Testimony which led the Company to utilize the

Average & Peak ("A&P") method for production allocation. To be specific, utilizing the BIP allocator requires one to assign the generating units into base, intermediate, and peak groups based on their use. Prior to the SPP IM, the Company provided its own generation to meet its load requirements and KCP&L's generating units fit well into those groups. With the implementation of the SPP IM, the Company no longer uses its generation to meet the Company's load requirements, but instead sells generation into the SPP market and buys its load requirements from the SPP market. This is consistent with Ms. Kliethermes' testimony. I believe the SPP IM change impacts the suitability of the BIP method for the production allocation.

Q: Do you have any comments regarding energy on costs?

A: Ms. Kliethermes provides an analysis of the cost of energy. While I appreciate the exercise, my particular Direct Testimony reference was to illustrate the vast difference between a Straight-Fixed variable rate design and the current rates. I acknowledge that any actual rate setting would require a more specific analysis. There are other calculations that could be considered if a rate were being defined. For example, the Company calculates a cogeneration rate for its Parallel Generation tariff, in compliance with 4 CSR 240-3.155 Requirements for Electric Utility Cogeneration Tariff Filings section (4).

Robin Kliethermes (Staff)

Q: Would you summarize Ms. Kliethermes' rate design Rebuttal?

A: Ms. Kliethermes addresses three topics with her testimony: the Company's proposed Residential Customer Charge, the Large General Service and Large Power rate design proposal offered by Mr. Brubaker, and an adjustment made for customers switching rates during the test year. I will respond to the first and second items.

Q: What is your response to Ms. Kliethermes' concern about the Company's proposed increase to the Customer Charge?

A: Ms. Kliethermes begins by discussing her concerns about rate impacts and policy, concerns I addressed in my Rebuttal Testimony. She asserts that it is not appropriate to include the secondaries and transformers into the customer charge, an assertion with which I disagree. There is no requirement or mandate that the customer charge should reflect limited cost categories. As discussed in my Rebuttal, some change is needed to make the current, two-part rate more reflective of the costs to serve customers. To this point, I did some additional research to better understand how other utilities address this issue. My research uncovered some very interesting and relevant facts concerning the basis for the customer charge in the way our neighboring electric cooperatives approach this issue.

Q: What did you discover concerning the cooperatives and their customer charges?

A: I visited the websites of cooperatives located in, and around our service territory and found that most cooperatives treat this charge exactly as I propose. Instead of a limited customer charge, set below cost, most cooperatives have "Service Charges" or "Availability Charges" which address the bulk of the fixed cost of servicing the customer. One of the more informative explanations of these charges was offered by the Leavenworth-Jefferson Electric Cooperative where they state,

> *The electric service charge helps pay for the physical equipment and maintenance costs associated with maintaining such equipment. The customer charge is applicable even when no energy is consumed. Think of it as you would when you rent a car. You pay a rental fee whether the car*

is used or not. The gas you put in the car (and consume) is the equivalent to the kilowatt (kWh) billed on your electric account.

In most cases, the Availability Charge includes the cost of the transformer. Below are the charges I found:

Table 1

Company	State	Customer Charge/ Availability Charge	Additional Details
Heartland Rural Electric Cooperative	Kansas	$30.00	Min Charge $1 per kVa of required transformer capacity
Kaw Valley Electric Cooperative	Kansas	$22.50	
Brown-Atchison Electric Co-operative Assn.	Kansas	$15.00	Min Charge: $0.75 per kVa for transformation over 10kVa
Lyon-Coffey Electric Cooperative	Kansas	$20.00	
Leavenworth-Jefferson Electric Cooperative	Kansas	$27.10	
Midwest Energy	Kansas	$14.00	
Ozark Electric Cooperative	Missouri	$20.00	
Missouri Rural Electric Cooperative	Missouri	$30.00	
Nemaha-Marshall Electric Cooperative Assn.	Missouri	$12.50	Avail. Charges increase to $20 for transf, above 75 kVa
Co-Mo Electric Cooperative, Inc.	Missouri	$29.00	Avail. Charges increase to $36 for over 200amp service
Central Missouri Electric Cooperative, Inc.	Missouri	$14.00	
Platte-Clay Electric Cooperative	Missouri	$25.38	
West Central Electric Cooperative	Missouri	$25.00	
Atchison-Holt Electric Cooperative	Missouri	$15.50	
Farmers' Electric Cooperative	Missouri	$25.00	
United Electric Cooperative	Missouri	$31.80	

I find this very interesting. Cooperatives, which are "not for profit" entities whose members set the rates charged for service to themselves, set the Customer/Availability Charge to recover the cost of local facilities. Of particular note, I found the following points discussing the studies performed to set the Customer/Availability charge in the April 2010 newsletter[1] sent to Leavenworth-Jefferson Electric Cooperative members:

The study found, that while LJEC's monthly customer charge is too low (at $12), the kilowatt-hour rate currently charged is too high. This is due to the fact that a portion of the cooperative's fixed costs are being recovered through the kilowatt-hour charge. This creates the circumstance where low-use members are not paying their fair share of the cooperative's fixed costs, while high-use members are overpaying their fair share. The proposed rate changes seek to remedy this situation.

[1] http://ljec.coopwebbuilder.com/sites/ljec.coopwebbuilder.com/files/04%20-%20April.pdf

In the next monthly newsletter,[2] after the change was approved, the additional explanation was offered,

> *With the approved changes to the customer charge, fixed costs and margins per meter will be recovered through the monthly customer charge, ensuring all members are paying their fair share.*
>
> ***
>
> *Again, this is due to the fact that our low-users were not paying their fair share of fixed costs and margins and were being subsidized by our high use members.*

Q: What should the Commission glean from these facts?

A: In particular, I believe the Commission should view the customer charge more openly. Where only two rate components exist, customer charge and energy charge, there are valid reasons to expand the customer charge beyond the historic methods adopted under conditions quite different than the current environment and provide customers a more correct price signal.

Q: Do you view the current customer charge to be to low?

A: Yes. At the current levels, the customer charge does not even recover the costs supported by the Company or by Staff. The current prices for energy distort the value of energy efficiency and distributed generation possibly leading to uneconomic decisions. The Company's proposal is a moderate step to correcting this distortion that will not undermine the base economics of energy efficiency and distributed generation but will be more reflective of the real cost to serve customers.

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[2] http://ljec.coopwebbuilder.com/sites/ljec.coopwebbuilder.com/files/05%20-%20May.pdf

Q: On page 5 of Ms. Kliethermes' Rebutal Testimony she discusses relevant information needed to accurately provide load research information. How do you respond to Ms. Kliethermes' third point regarding rate switchers?

A: This topic is as much a base revenue calculation issue as it is a CCOS issue. Staff has stepped well out of the norm in calculating the weather normalized and annualized revenues that are used in determining the revenues for the rate case. The problem with Staff's position is that it reflects the usage of the test period for the customers who switched rates rather than the usage of the class that the customer switched rates to. This is not reflective of the usage that will occur in the test period.

Q: What is the correct method in addressing this issue?

A: This should be addressed in the true–up by addressing the customer levels at the end of the true-up to annualize the usage of the test period. Essentially, Staff's method continues to try and move the test period to reflect a different period and mismatch the sales and revenues.

Byron Murray (Staff)

Q: Would you summarize Mr. Murray's rate design-related Rebuttal regarding the return check charge and collection charge?

A: Mr. Murray's Rebuttal Testimony reiterated the position offered in his Direct Testimony, rejecting the Company's proposed changes to the returned check language and collection charges. I continue to assert, as I did in my Rebuttal Testimony, that this position is the result of a misunderstanding.

Q: What is the basis for your belief?

A: Mr. Murray's position is that KCP&L has not provided documentation to support the requested change in these charges. Responses to Staff requests were provided on or about the date of Mr. Murray's Direct Testimony filing and were also provided in my Rebuttal Testimony filed on that same date. I believe consideration of these additional responses provided in my Rebuttal Testimony should address his concerns and support the Company's position.

Q: Would you summarize Mr. Murray's Rebuttal regarding the Company's proposed language regarding billing adjustments?

A: The Company proposes to add language to its tariffs clarifying terms for billing adjustments. Mr. Murray supports the revision but adds a recommendation that the Commission clarify what a billing adjustment is. I do not believe the recommendation is needed.

Q: Why do you believe the recommendation is not needed?

A: According to the Rebuttal Testimony of Mr. Murray, the recommendation comes from a data request response requesting clarification. I reviewed the response and believe the request is specific to the data request question and not a request for clarification from the Commission. In responding to data requests, it is important to provide data relevant to the question. As such the respondent sought more detail concerning the intent of the question. With respect to the proposed tariff language, the Company agrees with the definition provided on page 3, line 18 and 19 of Mr. Murray's Rebuttal Testimony. Therefore, clarification by the Commission is not required.

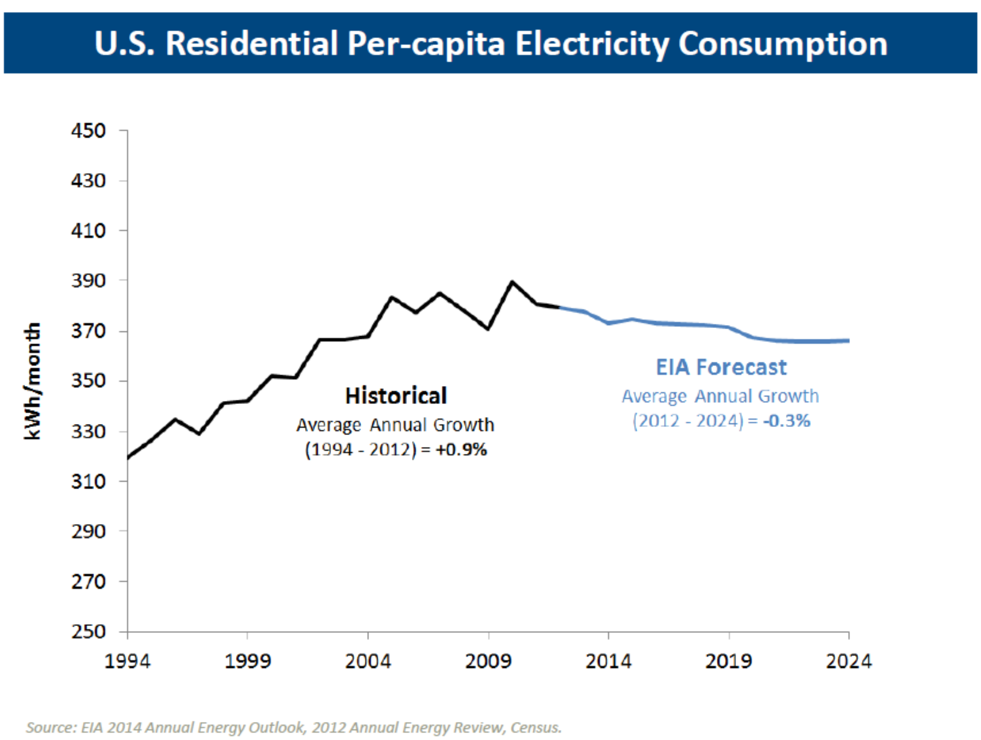
<u>**Geoff Marke (OPC)**</u>

Q: Would you summarize Dr. Marke's rate design-related Rebuttal?

A: Mr. Marke's Rebuttal Testimony recommends the Commission reject the Company's proposal to increase the residential customer charge and reject the proposed expansion of the Economic Relief Pilot Program. I will address Mr. Marke's comments about electric energy usage, the role of the Missouri Energy Efficiency Investment Act ("MEEIA") on the customer charge proposal, and identification of low-income customers.

Q: Do you agree with Mr. Marke's comments concerning projected energy use?

A: No. I do not agree that the Company is experiencing levels of growth suitable to render our customer charge proposal invalid. Information prepared by the Energy Information Agency shows the conditions I speak of. The following chart shows the leveling off and downward projection of growth:



In considering the Company data quoted by Mr. Marke, the projected growth in the Company plan is moderate, at best, and not reflective of the historical growth experienced by the Company. Missouri residential growth is occurring mainly in the multi-family sectors (apartments) where usage per customer tends to be smaller.

Q: Mr. Marke then suggests that the presence of MEEIA impacts the residential customer charge proposal. Do you agree?

A: No. Mr. Marke connects the throughput disincentive of MEEIA as a source for fixed cost recovery. This is not correct. The recovery mechanism used in the MEEIA is an energy charge, not a fixed charge. Mr. Marke goes on to assert that the proposed customer charge will undermine the benefit of MEEIA to the point the Company will not include residential programs in the second cycle. I disagree. As noted in my Rebuttal Testimony, if approved as proposed, a typical residential general use customer will have approximately 80% of their annual bill associated with the volumetric charges. I do not perceive any risk to MEEIA programs as a result of the Company customer charge proposal.

Q: What is your response to Mr. Marke's comments concerning low-income customers?

A: First, let me begin by reiterating that I understand there will be impacts to low-income customers who have low-usage. To that end, we attempted to utilize data sources available to the Company that best represented the income condition of our customers. As Low-Income Home Energy Assistance Program ("LIHEAP") payment information is available to us and criteria[3] set by the Federal Government such as,

[3] Perl, L. (2013) LIHEAP: Program and Funding. Congressional Research Service Report for Congress 7-5700. P. 1 http://neada.org/wp-content/uploads/2013/08/CRSLIHEAPProgramRL318651.pdf

- Eligibility Based on Income: Grantees have the option of setting LIHEAP eligibility for households at or below 150% of the federal poverty income guidelines or, if greater, 60% of the state median income. 16 States may adopt lower income limits, but no household with income below 110% of the poverty guidelines may be considered ineligible.
- Vulnerable and High-Need Populations: The LIHEAP statute requires that grantees conduct outreach to eligible households, "especially" households with elderly individuals, individuals with disabilities, or that have high energy burdens (home energy expenditures divided by income), to ensure that they are aware of LIHEAP availability. Grantees must further ensure that households with the lowest incomes, together with the highest home energy need in relation to income, receive the highest level of assistance.

We acknowledge the data is not perfect but believe the data to be relevant. Taking studies outside of KCP&L's service territory is not necessarily reflective of customers of KCP&L.

Q: Does the information presented by Mr. Marke change your position concerning the proposed residential customer charge?

A: No. This data does not change the fact that the cost of electricity availability is not properly represented in the current rates.

David Dismukes (OPC)

Q: Would you summarize Dr. Dismukes' Rebuttal?

A: Dr. Dismuke's responds to the Direct Testimony of the Commission Staff, DOE, Sierra Club, and Industrials regarding the CCOS studies and revenue distribution/rate design issues.

Q: What position did he take with the CCOS?

A: Although not directly stated I read the testimony to say that although the methods used to perform the CCOS studies differ, the end results are not dramatically different.

Q: What does this mean for the Commission?

A: I believe that each CCOS study holds value and that some collective view might be warranted. These studies should only be used as a guide; bill impacts, revenue stability, rate stability and public acceptance must be considered. With that, I continue to recommend no shift in revenues to classes at this time.

Q: Turning to the rate design, please summarize the position offered.

A: Dr. Dismukes specifically addresses the Rebuttal of Staff and Sierra Club, citing concerns about any increase in the customer charge. I disagree with this position and point to my Direct, Rebuttal and this Surrebuttal for support of the Company's position.

Maurice Brubaker (Industrials)

Q: Would you summarize Mr. Brubaker's rate design Rebuttal?

A: Mr. Brubaker focuses his Rebuttal on discussion of the CCOS studies offered by Staff, OPC, and the Company and his concerns with the allocation methods employed. Mr. Brubaker focuses mainly on the allocation of production plant, offering that the Average & Excess method is superior to the methods offered by other parties. He also addresses the proposal from DOE to require participation in the MEEIA programs as a condition for a customer to receive the Economic Development Rider ("EDR") and/or Urban Development Rider ("UDR"). I will address both areas.

Q: Do you support the position of Mr. Brubaker?

A: No. I realize that there are many allocation methods that can be used in the CCOS studies in a case. However, I do not believe these methods match our situation. I believe an Energy Weighted approach, such as the A&P method properly gives classes recognition for both usage and contribution to peak load while providing the most balanced and reasonable results of the studies offered in this case. The Average & Excess method is essentially a non-coincident peak allocation that does not properly recognize the role of energy within the production fleet.

Q: How do you respond to Mr. Brubaker's comment that KCP&L has not provided a basis for selecting the A&P methodology for allocating production plant related investment and related expenses?

A: I disagree. In my Direct Testimony, I presented the analysis that went into determining the appropriateness of using the A&P methodology.

Q: Do you agree with Mr. Brubaker that the A&P methodology somehow double counts the average demand in its calculation?

A: No. I believe that the A&P methodology clearly considers that production plant is essentially related to serving both energy and peak demands. By using this methodology, the allocation factors essentially weighs peak demand equal to energy in the allocation of production plant and related investments.

Q: Do you agree that the A&P allocation methodology is "non-traditional", as represented by Mr. Brubaker?

A: No, particularly not in the Missouri jurisdiction. The A&P methodology was advocated by Dr. Michael S. Procter during his time with the MPSC and utilized by Staff in multiple cases occurring prior to about 2010. Dr. Proctor was published in Public Utilities Fortnightly in 1983, describing the methodology[4]. The methodology utilizes a reasonable method to acknowledge that electric generating units are built and operating to serve both capacity <u>and</u> energy needs.

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[4] "Capacity Utilization Responsibility: An Alternative to Peak Responsibility," Dr. Michael S. Proctor, Public Utilities Fortnightly, April 28, 1983.

ECONOMIC DEVELOPMENT RIDER/URBAN DEVELOPMENT RIDER

Maurice Brubaker (Industrials)

Q: Do you agree with Mr. Brubaker's position that the participation in the MEEIA should be a condition of eligibility for an EDR or UDR?

A: Yes, I do. I agree with Mr. Brubaker's added concern about customers already practicing energy efficiency. Mr. Brubaker does go further, stating the EDR participation is not "robust" at this time, citing a reference to an order in a recent Ameren case. The EDR rider was redesigned in October 2013 to make the rider more functional for customers.

Greg Meyer (MIEC)

Q: Would you summarize Mr. Meyer's rate design Rebuttal?

A: Mr. Meyer focuses his Rebuttal on the suggestion by Sierra Club witness Mr. Tim Woolf concerning decoupling. Mr. Meyer ultimately recommends the Commission reject the decoupling proposal.

Q: Do you support the position of Mr. Meyer?

A: As noted in my Rebuttal, I appreciate this proposal and agree with many of the details offered concerning the benefit of decoupling to allow the Company to respond to fundamental changes in our industry, I believe this rate case is not the suitable venue for this investigation. As noted by Mr. Meyer, I do not consider decoupling as a substitute for proper rate design, cost trackers, or riders, but I disagree that it causes customer confusion or that it does not consider all relevant factors. I totally disagree that there would somehow be a less incentive to restore electric service in a major storm. Instead, I believe decoupling could be deployed to complement these other ratemaking mechanisms.

<u>Martin Hyman (DE)</u>

Q: Would you summarize Mr. Hyman's rate design-related Rebuttal?

A: Mr. Hyman covers multiple issues in his testimony. I will address his testimony concerning the residential rate design and TOU rates.

Q: What areas of concern did Mr. Hyman offer and what is your response?

A: Similar to Staff and OPC, Mr. Hyman cites the position taken by the Commission in other recent proceedings. I have addressed these points in my Rebuttal and further support the relevance of my proposal through this Surrebuttal. Mr. Hyman continues by offering that inclusion of the local facilities costs violates cost causation principles. As I have previously pointed out, no mandate or principal exists that dictates that what costs could be included in the customer charge. Mr. Hyman expresses his concerns about the impact of the customer charge proposal on energy efficiency. I have previously addressed this issue in my Rebuttal and this Surrebuttal, particularly noting that approximately 80% of the typical annual bill remains subject to the variable energy charge. I have also addressed Mr. Hyman's concerns about MEEIA impacts and the misplaced claim that MEEIA provides fixed cost relief in my Surrebuttal Testimony to Mr. Geoff Marke. Finally, Mr. Hyman details his concerns about the impact to low-income customers. I have addressed these similar concerns in the Surrebuttal Testimony to Mr. Marke. I disagree with Mr. Hyman's recommendation to limit increases to the residential customer charge. I believe it is reasonable to acknowledge the customer charge is artificially low and as a result does not properly value electric energy.

Q: Mr. Hyman also offers rebuttal concerning the Company's proposed change to the Time of Use ("TOU") rates. What is your response?

A: Mr. Hyman echoes the positions offered by Dr. Dismukes in his Direct Testimony, recommending the Company not be allowed to freeze any of the TOU rates in this proceeding, suggesting that the Company be required to re-file a modified and improved TOU tariffs in its next rate case. As noted in my Direct and Rebuttal Testimony, I believe this is premature. The current TOU rates are not performing and continuing to offer the outdated rates does not make sense. Until the AMI metering infrastructure can be roll-out and the new billing system implemented, we will not be able to deploy an effective time based rate. Additionally, a TOU rates should complement the goals of our Integrated Resource Plans and the goals of our MEEIA programs. Given these dependencies, we reject any plan to force filing of tariff.

UNCONTESTED TARIFF AND RULE REVISIONS

Q: Did the Company propose changes to its Tariffs and Rules that were not contested in Direct or Rebuttal testimony?

A: Yes. The Company proposed numerous changes, largely to improve, clean-up, or make consistent the Tariffs and Rules, that were not addressed by any of the parties. A listing of these changes is attached to this testimony as Schedule TMR-12. I recommend the Commission approve these changes as proposed.

Q: Does that conclude your Surrebuttal 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-2014-0370

AFFIDAVIT OF TIM M. RUSH

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Kansas City Power & Light Company consisting of thirty - two (32) 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.

Tim M. Rush

Tim M. Rush

Subscribed and sworn before me this 5th day of June, 2015.

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

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
3	Table of Contents TOC-2	NEW TARIFF - Include topic view, similar to Kansas TOC.	Proposing alternate, topic-based presentation of the Table of contents to aid users in finding tariff sheets. No customer or revenue impacts.
4	Residential Conservation Service Program 3	Reserve tariff page for future use	The federal law mandating utilities to provide energy audits expired. Audits replaced by MEEIA alternatives. No customer or revenue impacts.
5	Air Conditioner Load Control 4 & 4A	Reserve tariff page for future use	The program is inactive, there are not customers being billed for the device, and based on available information, the devices have been eliminated in the field. No customer or revenue impacts.
6	Residential Service 5A, 5B & 5C	>Add rate codes to tariff. >Remove reference to Res Conservation Service Program from Minimum section.	>Add the rate codes used in billing to the tariff sheets. >With Sheet #3 proposed for elimination, we propose to eliminate references to that program within the residential tariffs.
7	Residential Other Use 6	>Add rate codes to tariff. >Remove reference to Res Conservation Service Program from Minimum section.	>Add the rate codes used in billing to the tariff sheets. >With Sheet #3 proposed for elimination, we propose to eliminate references to that program within the residential tariffs.
8	Residential Time of Day Service RTOD 8 & 8A	>Add rate codes to tariff. >Remove reference to Res Conservation Service Program from Minimum section.	>Add the rate codes used in billing to the tariff sheets. >With Sheet #3 proposed for elimination, we propose to eliminate references to that program within the residential tariffs.
9	Small General Service SGS 9A, 9B, 9D, & 9E	>Add rate codes to tariff. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
10	Medium General Service MGS 10A, 10B, 10C, 10D, & 10E	>Add rate codes to tariff. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.
11	Large General Service LGS 11A, 11B, 11C, 11D, & 11E	>Add rate codes to tariff. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.
12	Large Power Service LPS 14A, 14B, 14C, &14E	>Add rate codes to tariff.	>Add the rate codes used in billing to the tariff sheets.
13	Large Power Service Off Peak Rider 15	>Remove excess language from Facilities Demand section.	> Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.
14	Small General Service - All Electric SGA 17A, 17C, & 17D	>Add rate codes to tariff. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
15	Medium General Service - All Electric MGA 18A, 18B, 18C, 18D, & 18E	>Add rate codes to tariff. >Remove special facilities demand language. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. >Code STHE is frozen and no longer used in this tariff. Proposing removal. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.
16	Large General Service - All Electric LGA 19A, 19B, 19C, & 19D	>Add rate codes to tariff. >Remove special facilities demand language. >Remove excess language from Facilities Demand section.	>Add the rate codes used in billing to the tariff sheets. >Code STHE is frozen and no longer used in this tariff. Proposing removal. > Remove "or any day celebrated as such." from the end of the Facilities Demand section. Proposed in an effort to start standardizing the definition of off-peak periods with in the Company. Current language introduces undefined days into the billing process.
17	Special Interruptible Contracts SIC 23	Reserve tariff page for future use	>Tariff specific to two contracts. Contracts are expired. No customer or revenue impacts.
18	Reserved Sheets 24A, 24B	Propose elimination of the tariff.	Unused sub-pages. Proposing removal to clean up tariff book.
19	Private Unmetered Protective Lighting Service AL 33 & 33B	>Add kWh information to each light.	>Add annual monthly average kWh data to each light on the tariff. Associated with proposed FAC. Allow customers to calculate usage for the lights.
20	Municipal Street Lighting Service ML 35, 35A, 35B, 35C, and 35D	>Add kWh information to each light. >Eliminate Reserved Sheet 35D. >Propose elimination of unused options.	>Add annual monthly average kWh data to each light on the tariff. Associated with proposed FAC. Allow customers to calculate usage for the lights. >Unused sub-pages. Proposing removal to clean up tariff book. >Remove Code TTCX as it is frozen, is not installed, and is not needed.
21	Municipal Street Lighting Service ML 36, 36A, & 36B,	>Add kWh information to each light. >Propose elimination of unused options.	>Add annual monthly average kWh data to each light on the tariff. Associated with proposed FAC. Allow customers to calculate usage for the lights. >Sections 4.2 and 4.3 are obsolete and not longer used by the Company. No customer of revenue impact.

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
22	Municipal Traffic Control Signal Service TR 37, 37A, 37B, 37C, 37D, 37E, 37F& 37G	>Add kWh information to each light. >Propose elimination of unused options.	>Add annual monthly average kWh data to each light on the tariff. Associated with proposed FAC. Allow customers to calculate usage for the lights. >Remove Basic Installations (2) and (5). Remove Supplemental Equipment (1), (2), (3), (10), (16), and (17). Sections are obsolete and not longer used by the Company. No customer of revenue impact.
23	Special Contracts - Customer Specific 39, 39A, 39B, 39C, 39D, 39E, 39F, 39G, 39H, 39I, 39J, 39K, 39L, 39M, 39N, & 39O	>Reserve tariff page for future use >Propose elimination of unused tariff sub-pages.	>Tariff specific to two contracts associated with the Comprehensive Energy Plan. Contracts are expired. No customer or revenue impacts.
24	Reserved Sheets 40A, 40B, 40C, 40D, 40E, 40F, 40G, & 40H	Propose elimination of the tariff.	Unused sub-pages. Proposing removal to clean up tariff book.
25	Company Employee Merchandise & Equipment Purchase Program 43C	Propose elimination of the tariff.	The program is inactive and all loans associated with the program have been repaid. No customer or revenue impacts.
26	Reserved Sheets 43A, 43B, 43D, 43E, 43E.1, 43F, 43G, 43H, 43I, 43I.1, 43I.2, 43J, 43K, 43L, 43M, 43N, 43O, 43P, 43Q, 43R, 43S, 43T, 43U, 43V, 43W, 43X, & 43Y	Propose elimination of the tariff.	Unused sub-pages. Proposing removal to clean up tariff book.
27	Reserved Sheets 43AI & 43AJ	Propose elimination of the tariff.	Unused sub-pages. Proposing removal to clean up tariff book.
28	Promotional Practices VARIANCES 44	Reserve tariff page for future use	Variance related to specific customer. Customer has changed and is not longer qualified for the variance. No customer or revenue impact.
29	LED Pilot Program 48A & 48B	>Add kWh information to each light.	>Add annual monthly average kWh data to each light on the tariff. Associated with proposed FAC. Allow customers to calculate usage for the lights
30			

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
31	**Rules & Regulations**	**Proposed Change**	**Status**
32	Table of Contents 1.01, 1.02, 1.03, 1.04, 1.04A, & 1.04B	Update to reflect tariff eliminations and additions.	
33	1. DEFINITIONS		
34	.05 Rural Customer 1.05	Propose removing "Rural Service" language.	Rural Service is not longer uniquely applied in our rates or processes.
35			
36	2. SERVICE AGREEMENTS		
37	.01 Application for Service 1.07A	Correct spelling in title	
38	.07 Credit Regulations 1.09	Propose changing number of delinquent bills from three to two for deposit requirement. 2.07A(2)	Change is being proposed to bring KCP&L-MO tariffs in line with current GMO tariffs. Changing threshold for deposits will better protect the Company from default and will make internal processes more efficient. Additionally, the proposed change would allow delinquency to include payment methods other than checks.
39			
40	8. BILLING AND PAYMENT		
41	.09 Pre-MEEIA Charge 1.28	Propose updated Pre-MEEIA charge.	According to prior agreements, the pre-MEEIA charge is updated to reflect DSM costs embedded in the proposed rate.
42			
43	9. EXTENSION POLICY		
44	.01 Overhead Single-Phase Residential and Rural Residential Extensions 1.31	Propose removing reference to "Rural Residence"	Rural Service is not longer uniquely applied in our rates or processes.
45	.02 Other Extensions 1.32	Propose removing reference to "Rural Residence"	Rural Service is not longer uniquely applied in our rates or processes.
46			
47	12. AGREEMENTS		
48	.01 Service Agreement	Propose removal of legacy form.	Legacy, hard copy forms are no longer used. Revise tariff to allow flexibility for agreements.
49	.02 Indemnity Bond	Propose removal of legacy form.	Legacy, hard copy forms are no longer used. Revise tariff to allow flexibility for agreements.
50			
51	19. AVERAGE PAYMENT PLAN	Propose adding language from GMO concerning adjustment.	Changes are being proposed to bring KCP&L-MO tariffs in line with current GMO tariffs. Consistent adjustment terms will provide customers consistent treatment and will make internal processes more efficient.
52			

	A	B	C
1	**Uncontested Proposed Tariff and Rule Revisions for 2015 KCP&L-MO Rate Case**		
2	**Rates**	**Proposed Change**	**Support/Additional Detail**
53	20. PROMOTIONAL PRACTICE WAIVERS		
54	.01 Farmland Industries Thermal Storage Project 1.70	Reserve tariff page for future use	Related to Promotional Practice Variance, Sheet 44. Associated with specific customer. Customer has changed and is not longer qualified for the waiver. No customer or revenue impact.
55			