Exhibit No.:	
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Witness:	*Keith Majors*
Sponsoring Party:	*MoPSC Staff*
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AUDITING DEPARTMENT

SURREBUTTAL AND TRUE DIRECT TESTIMONY

OF

KEITH MAJORS

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2018-0145

AND

KCP&L GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2018-0146

Jefferson City, Missouri
September 2018

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** Denotes Confidential Information **

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CASE NO. ER-2018-0146

Q. Please state your name and business address.

A. Keith Majors, Fletcher Daniels Office Building, 615 East 13th Street, Room 201, Kansas City, Missouri, 64106.

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

A. I am a Utility Regulatory Auditor employed by the Missouri Public Service Commission ("Commission").

Q. Are you the same Keith Majors who previously testified in this case?

A. Yes. I provided testimony in Staff's Revenue Requirement Cost of Service Report ("COS Report"), filed June 19, 2018, in these cases concerning transmission revenue and expense, Great Plains Energy ("GPE") and Westar Energy merger transition costs, and other matters. I also filed rebuttal testimony on July 27, 2018, responding to several Kansas City Power & Light Company ("KCPL" or "Company") and KCPL Greater Missouri Operations Company ("GMO" or "Company") witnesses.

Q. What is the purpose of your testimony?

A. I respond to the rebuttal testimony of these KCPL and GMO witnesses concerning the following issues:

- Don A. Frerking – Transource Missouri FERC Incentives, Wholesale Revenue Credit, Transmission Revenue and Expense
- Darrin R. Ives – Rate Case Expense, Comparative Customer Rates
- Ronald A. Klote – Transmission Revenue and Expense, Employee Severance Expense
- Tim M. Rush – Crossroads Miscellaneous Expense

I also respond to the rebuttal testimony of The Office of the Public Counsel ("OPC") witness Amanda C. Conner concerning rate case expense.

Finally, I will also identify the adjustments I will be sponsoring in Staff's true-up accounting schedules.

TRANSOURCE MISSOURI INCENTIVES ADJUSTMENTS

Q. Please describe this issue.

A. Staff and KCPL and GMO sponsor differing calculations of the adjustment amounts ordered by the Commission in File No. EA-2013-0098.[1] The adjustment and the calculations are described in detail in my rebuttal testimony in this case, along with an explanation of Transource Missouri, and the cumulative history of this adjustment.

To summarize, the Commission ordered in File No. EA-2013-0098 that the costs allocated to KCPL and GMO, separately, by the Southwest Power Pool ("SPP") related to the Iatan-Nashua and Sibley-Nebraska City Projects should be adjusted. The adjustment is equal to the difference between the actual load ratio share of the annual FERC authorized revenue requirement for the facilities, and the annual FERC authorized revenue requirement for the

[1] In the Matter of the Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Finance, Own, Operate, and Maintain the Iatan-Nashua and Sibley-Nebraska City Electric Transmission Projects.

facilities that would have resulted if KCPL's and GMO's Missouri authorized ROE and capital structure had been applied and there had been no FERC transmission rate incentives.

Mr. Frerking discusses KCPL's and GMO's adjustment CS-108 calculation – "Transource CWIP/FERC Incentives," on pages 24-27 of his rebuttal testimony. As described in my rebuttal testimony, this adjustment calculates the difference between the annual transmission revenue requirements ("ATRR") for the projects transferred to Transource Missouri in File No. EO-2012-0367, and the ATRR for these projects without FERC incentives. Staff reflected this adjustment with modifications for the assumed cost of long-term debt, which I explain in my rebuttal testimony.

The value of this adjustment is as follows:

December 31, 2017 Update	KCPL/GMO Adjustment (Total Company)	Staff Adjustment (Total Company)	Difference
KCPL Adj. - Acct. 565	$172,591	($157,484)	$330,075
GMO Adj, - Acct. 565	$96,818	($88,344)	$185,162

Q. On page 26 of his rebuttal testimony, Mr. Frerking states the following:

> It is highly unlikely that Transource Missouri would have been able to acquire debt financing on terms as favorable as it did without the rate incentives that FERC granted.

Do you agree with this statement?

A. I have no reason to disagree with the general premise of witness Frerking's statement, although the statement is speculative as it is based on events that did not occur. However, I would note that witness Frerking identifies a distinction between the circumstances of "debt financing on favorable terms" and the rate incentives that FERC granted. The cost of debt, regardless of favorability of the rate, is not a FERC incentive, and should not be reflected in these adjustments.

Q. What are "FERC incentives," and what incentives did Transource Missouri request from FERC?

A. "FERC incentives" in this matter are transmission rate incentives for membership in a RTO or for certain transmission projects. The incentives increase the amount charged through formula rates for transmission service. As referenced by witness Frerking, Transource Missouri received its transmission rate incentives and authorization for formula rates in FERC Docket No. ER12-2554. In the *Order On Transmission Rate Incentives And Formula Rate Proposal And Establishing Hearing Procedures* ("Order"), 141 FERC ¶61,075, issued October 31, 2012, FERC ordered the following concerning incentives:

> (A) Transource Missouri's requests for CWIP, abandonment, and regulatory asset incentives, a hypothetical capital structure, and a 50 basis point ROE adder for membership in an RTO for the Projects are hereby conditionally granted, as discussed in the body of this order.
>
> (B) Transource Missouri's request for the 100 basis point ROE adder for the risks and challenges of the Sibley-Nebraska City Project is hereby conditionally granted, as discussed in the body of this order.
>
> (C) Transource Missouri's request for a single-issue filing incentive is hereby denied, as discussed in the body of this order.
>
> D) Transource Missouri's proposed formula rate and formula rate implementation protocols are hereby accepted for filing and suspended for a nominal period, to become effective October 30, 2012, subject to refund, as discussed in the body of this order.

Cost of debt is not listed as a FERC incentive in the ordered list of FERC incentives in Docket No. ER12-2554.

Q. What was the source of the adjustment and the specific language describing the adjustment used in the Commission's *Report and Order* in File No. EA-2013-0098?

A. Presumably, the language is sourced from Paragraph II A. 1. on pages 4 - 5 of the *Non-Unanimous Stipulation and Agreement* filed in File Nos. EA-2013-0098 and EO-2012-0367[2], which were consolidated, filed on April 12, 2013, as this language is identical.

The FERC Order in Docket No. ER12-2554 was issued on October 31, 2012, well before the April 12, 2013, *Non-Unanimous Stipulation and Agreement,* and consequently well before the *Report and Order* dated August 7, 2013. If the parties to the *Non-Unanimous Stipulation and Agreement* intended to include cost of debt differences in the stipulated adjustment calculation, they would have done so with full knowledge of the actual FERC incentives that were awarded. That was not the case as cost of debt differences are not listed in either the *Non-Unanimous Stipulation and Agreement* or the *Report and Order* in File No. EA-2013-0098.

The *Non-Unanimous Stipulation and Agreement*; very clearly states that the costs allocated to KCPL and GMO shall be adjusted by:

> ...an amount equal to the difference between: (a) the SPP load ratio share of the annual revenue requirement for such facilities that would have resulted if KCP&L's [and GMO's] authorized ROE and capital structure had been applied and there had been **no Construction Work in Progress ("CWIP") (if applicable) or no other FERC Transmission Rate Incentives,** including but not limited to Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities; and (b) the SPP load ratio share of the annual FERC-authorized revenue requirement for such facilities. KCP&L [and GMO] will make this adjustment in all rate cases so long as these transmission facilities are in service. [Emphasis added.]

[2] In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for Approval To Transfer Certain Transmission Property to Transource Missouri, LLC and for Other Related Determinations.

Had the parties intended for cost of debt to be included as a difference in the calculations, they could have used specific language to memorialize that, such as referring directly to the difference between the cost of debt set by the FERC and Missouri regulatory commissions. However, the parties agreed to the language the Commission ultimately approved.

WHOLESALE TRANSMISSION REVENUE

Q. Please summarize Staff's position regarding wholesale transmission revenue.

A. KCPL and GMO are billed transmission expense from SPP as a transmission customer and receive transmission revenues from SPP as a transmission owner, both of which reflect the impact of certain ROE incentives. Staff recommends that KCPL and GMO treat transmission expense and revenue consistently by reflecting all of KCPL's and GMO's revenue and expense, including the impact of FERC ROE incentives, in their cost of service.

Q. How does Staff respond to witness Frerking's statement on page 9 of his rebuttal testimony concerning this issue that, "[t]he R-80 adjustment was proposed to correct a situation where the crediting of transmission revenue results in Missouri retail customers paying less than the MPSC-authorized return."?

A. Staff disagrees with witness Frerking's implication that a problem exists that needs correcting. Missouri retail customers pay rates that reflect the MPSC authorized return. In calculating those rates, the KCPL and GMO-owned transmission facilities are included in the rate base, which earns the authorized return as well as incurs operations and maintenance expenses for those facilities. Customers pay the full cost of these facilities through cost of service and are entitled to the full offset of the revenues produced by those facilities.

Q. How does Staff respond to Mr. Frerking's statement in his rebuttal testimony, respecting a Staff adjustment, on page 10 that, "[e]ssentially Missouri retail customers would be credited back more than they would have been charged?"

A. Mr. Frerking argues that since all of KCPL's and GMO's transmission assets are included in the retail revenue requirement based on a Commission authorized ROE, and transmission revenues received from SPP are based on a higher FERC ROE, an adjustment must be made to reduce revenues; otherwise, according to Mr. Frerking, KCPL's and GMO's Missouri retail customers would be credited back more than they have been charged. Staff disagrees. KCPL's and GMO's participation in SPP encompasses both the financial impacts of KCPL's and GMO's ownership of transmission assets and the financial impacts of the use of other SPP members' transmission assets. As SPP transmission customers, if costs of providing transmission service increase for other members of SPP, KCPL's and GMO's transmission expenses will increase. Likewise, as SPP transmission owners, if KCPL's and GMO's costs to provide transmission service increase, transmission revenues received from SPP will increase. Staff considers both transmission revenue and transmission expense incurred by KCPL and GMO as costs of doing business and, as such, should be reflected in KCPL's and GMO's cost of service on a consistent basis.

Q. Mr. Frerking, when indicating that Staff's rationale is flawed, states on page 15 of his rebuttal testimony, "Staff is, thus, suggesting that Transmission <u>for</u> Others revenues in FERC Acct 456.1 should not be adjusted if Transmission <u>by</u> Others expenses in FERC Acct 565 are not adjusted." Do you agree with this statement?

A. No. Mr. Frerking mischaracterizes Staff's position with regard to KCPL's and GMO's adjustment to reduce transmission revenues. Staff did *not* suggest, directly or indirectly, in its COS Report that KCPL should reduce transmission expense in FERC Account 565. Staff's recommendation is to include both transmission revenues received from and transmission costs paid to SPP, including FERC incentives. Staff's treatment of transmission revenues and transmission expenses in this case is consistent. KCPL's and GMO's approach would allow recovery, in their entirety, of all transmission expenses from rate payers, but also adjust downward transmission revenues that would otherwise have the impact of mitigating a portion of the rising transmission expense.

Q. What are other examples of revenue, or other reductions to expense that KCPL and GMO receive as utilities?

A. Some examples are wholesale revenues, off-system sales revenues, and insurance proceeds. These revenues or reductions in cost are appropriately reflected in customer rates with no adjustment. The analogy of transmission revenues to wholesale and off-system revenues are that wholesale and off-system revenues are not retail revenues, but are revenues received by KCPL and GMO for non-retail electricity at rates governed by FERC or on the open market. Off-system sales revenues, generally, are non-firm electricity sales above the amount used for native load. Prior to the SPP "Day 2 market,"[3] the Commission included a normalized level of off-system sales margin revenue similar to the inclusion of transmission revenue.

KCPL and GMO have never claimed that receipt of these revenues unjustly reduced rates for customers nor have they recommended an adjustment for the return on equity realized from these transactions.

[3] Currently, KCPL and GMO "sell" all their energy to SPP and "buy" their native load obligations. The residual that is sold into the SPP market is comparable to that which was referred to as "non-firm off system sales." This residual impacts the cost of service in the same manner as inclusion of non-firm off system sales.

RATE CASE EXPENSE

Q. Please summarize KCPL's and GMO's position on rate case expense, explained on page 20 of witness Ives' testimony.

A. KCPL and GMO are requesting what they call the "traditional" treatment of rate case costs, which is full rate recovery of all costs incurred to process these rate case filings. KCPL's and GMO's recommended rate case expense recovery is in contrast to Staff's and The Office of the Public Counsel's recommendations to share rate case expense between ratepayers and shareholders, as was ordered in the KCPL's 2014 rate case, Case No. ER-2014-0370 ("2014 Case"), and Spire Missouri's 2017 rate cases, Case Nos. GR-2017-0215 and GR-2017-0216.

Q. Was the 2014 KCPL Case the first time the Commission considered a departure from the traditional rate treatment of rate case expense?

A. No. While the treatment given to rate case expense in the 2014 Case may have been a departure from how KCPL's rate case expenses have been treated in the past, the Commission has considered alternative rate case expense treatment in cases with other utilities prior to the 2014 Case due to concern with increasing rate case costs. Evidence of the Commission's past concern is found in the *Report and Order*[4] cited on page 62 of the 2004 Missouri Gas Energy rate case, Case No. GR-2004-0209:

> The Commission is hesitant to disallow expenses incurred by MGE in prosecuting its rate case. The company is entitled to present its case as it sees fit and the Commission will not lightly intrude into the company's decisions about how best to present its case. However, the Commission has a responsibility to ensure that the expenses that the company submits to its ratepayers are reasonably and prudently

[4] Report and Order, Re *Missouri Gas Energy*, Case No. GR-2004-0209, page 75.

> incurred. Otherwise, the company could take a cost-is-no object approach to its rate case presentation, secure in the knowledge that the ratepayers would be required to pay for any cost that the company might incur.

Clearly, the Commission was concerned about cost control in Missouri Gas Energy's ("MGE") 2004 case. The Order goes on to order prudency disallowances of $489,509 from MGE's $1,383,333 claimed rate case expense.

Despite the Commission's finding of imprudence and the Order's language discouraging "cost-is-no-object" approach to rate case expense, the Commission found itself deciding another rate case expense issue in MGE's Rate Case No. GR-2009-0355. From pages 78 and 79 of the Commission's *Report and Order* in that case:

> OPC's assertion that both the company and the ratepayers benefit from rate case expense has merit in that shareholders do receive a portion of the benefits and should be willing to pay for a portion of the company's rate case expense...
>
> Unfortunately, in this case, the parties have not fully developed the record on this point. More detailed cost study, comparisons to other jurisdictions, and other testimony on the nature and propriety of certain rate case expenses may be helpful in determining how to apportion rate case expense...
>
> In conclusion, this Commission wants to make clear to MGE and other utilities that rate case expense is not simply a blank check and if certain rate case duties can be performed "in-house" by existing personnel more cheaply, we expect the utility to do so. **On the issue of rate case expense, we urge MGE and other utilities to recognize that rate case expense may not be reflexively and automatically passed on to the ratepayers in the future...**
> [Emphasis added.]

Q. Did the Commission later take steps to comprehensively explore the issue of rate case expense?

A. Yes. The Commission created an investigative working docket on April 27, 2011, to consider possible alternatives to the traditional approach for rate case expenses. In its *Order Directing Staff to Investigate and Opening a Repository File* in Case No. AW-2011-0330, one of the areas the Commission directed Staff to examine was whether it was appropriate for utilities to presumptively recover 100% of rate case expenses. The following is the opening paragraph from the Order in Case No. AW-2011-0330:

> Testimony presented in recent rate cases and escalating rate case expense requests have led the Commission to consider whether changes should be made to its current rules and practices whereby regulated utilities generally recover all costs they incur in presenting a rate case before the Commission. The Commission wants to consider whether it is appropriate for shareholders to bear responsibility for a portion of rate case expense . . .

On September 4, 2013, Staff submitted a report that recommended consideration of several alternatives to the traditional approach of rate case expense treatment. It is noteworthy that KCPL's and GMO's 2010 rate proceedings are mentioned in Staff's report as among the "recent rate cases" that led to the Commission's request for an investigation of this topic. The 2014 Case was the Commission's first opportunity to consider an alternative solution for the rate case expense issue in a litigated case following issuance of the Staff's report in Case No. AW-2011-0330.

Q. How did the Commission treat rate case costs in the 2014 Case?

A. The Commission decided the rate case expense issue by using a proportional assignment of cost based on the recognized benefit of customers and shareholders of KCPL. The Commission stated at page 72 of its 2014 KCPL Order:

> The Commission finds that in order to set just and reasonable rates under the facts in this case, the Commission will require KCPL shareholders to cover a portion of KCPL's rate case expense. One

> method to encourage KCPL to limit its rate case expenditures would be to link KCPL's percentage recovery of rate case expense to the percentage of its rate increase request the Commission finds just and reasonable. The Commission determines that this approach would directly link KCPL's recovery of rate case expense to both the reasonableness of its issue positions and the dollar value sought from customers in the rate case. The Commission concludes that KCPL should receive rate recovery of its rate case expenses in proportion to the amount of revenue requirement it is granted as a result of the Report and Order, compared to the amount of its revenue requirement rate increase originally requested. This amount should be normalized over three years.

Q. Did KCPL subsequently appeal the Commission's decision in a Missouri Court of Appeals?

A. Yes. The Missouri Court of Appeals – Western District heard appeals from KCPL concerning rate case expense sharing, among other rate case issues. The Opinion upholds the Commission's decision on how it determined a just and reasonable level of rate case expense to be borne by ratepayers.

Q. Has the Commission more recently ruled on the issue of rate case expense?

A. Yes, in the most recent Spire rate cases, Case Nos. GR-2017-0215 and GR-2017-0216. The Commission ultimately divided rate case expense 50/50 between ratepayers and shareholders, not including depreciation study expenses and the cost of customer notices.

In its *Report and Order* in that case on page 51, the Commission reaffirmed that some form of sharing of rate case expense is appropriate:

> However, rate case expense is also different from most other types of utility operational expenses, in that 1) the rate case process is adversarial in nature, with the utility on one side and its customers on the other; 2) rate case expense produces some direct benefits to shareholders that are not shared with customers, such as seeking a higher return on equity; 3) requiring all rate case expense to be paid by

> ratepayers provides the utility with an inequitable financial advantage over other case participants; and 4) full reimbursement of all rate case expense does nothing to encourage reasonable levels of cost containment.

Q. Is it fair to customers to have to pay all costs associated with a rate case filing made by a utility?

A. No. Under the traditional rate case expense normalization, in most situations, all costs had to be absorbed by customers, and under KCPL's proposal, this would continue. Assigning all of the utility's rate case expense to ratepayers makes the utility the only party involved in the rate case process that is not constrained to some extent by budgetary and other financial restrictions, and for which the rate case costs are potentially fully fundable by a third party. The costs of Staff are funded through the Commission's assessment to regulated utilities, and in turn charged to ratepayers through the rate case process. Other parties that wish to intervene must pay for all of its costs for legal representation and consultants that have expertise with complex ratemaking principles and rate design concepts. It is fair to charge some rate case costs to ratepayers because of the benefit received by ratepayers in the form of safe and reliable service, and to support the financial condition of the utility. However, the shareholders also enjoy benefits from rate increases in potential increases in profits, dividends, and stock price. The recognition of the different benefits potentially received by rate case participants was one reason, among many, stated in the Commission's opinion in the 2014 Case supporting its finding that assigning some rate case expense to the shareholders was appropriate.

Q. Staff does not currently have any adjustments related to the prudency of rate case expenses. Do you agree that assigning some rate case costs to shareholders is a substitute for prudency reviews?

A. No. Even with the utilization of a sharing mechanism, it is certainly possible a utility may still incur imprudent rate case expense. If Staff found certain rate case costs imprudent, it would recommend that the Commission not include those costs while setting just and reasonable rates. Staff's position is that ratepayers should not bear the burden of any amount of imprudent costs, even if the total amount is reduced by rate case expense sharing.

Staff's sharing approach is not intended or designed to focus on prudency or lack thereof. Rather than focusing on prudency, the focus of the Staff's methodology is to appropriately assign rate case expense to the beneficiaries of a rate increase.

Q. On page 26 of his rebuttal testimony, Mr. Ives disagrees with Staff's comparison of rate case expenses to discretionary expenses such as charitable contributions. Are all rate case expenses discretionary?

A. No. Depreciation study expenses and customer notice expenses are not discretionary and should not be subject to sharing, nor is internal labor. However, the bulk of incremental rate case expenses are highly discretionary.

As the Commission has found in many cases, discretionary expenses such as charitable contributions should not be recovered in the cost of service as they do not benefit ratepayers, have no relation to the provision of electric service, and would make ratepayers involuntary contributors to whatever charitable organizations KCPL and GMO choose to contribute. Similarly, incremental rate case expenses are to a large degree discretionary and can benefit shareholders more than ratepayers. The policy of sharing between ratepayers and shareholders can create an incentive to control rate case expenses similar to the incentive of KCPL and GMO have to control other discretionary expenses. For example, utilities have a natural incentive to keep charitable contributions at reasonable levels because utilities are aware that those costs will not be reflected in rates. Absent some type of sharing mechanism, there is no real incentive on the utilities' part to contain rate case expense.

Q, Other than costs associated with production of a depreciation study and customer notices in this case, are all other costs associated with the rate case subject to sharing under Staff's approach?

A. No. "Internal labor" costs for time associated with rate case activities are not subject to sharing.

Q. How much internal labor expense associated with rate case activities is included in Staff's cost of service and is not subject to sharing?

A. All internal payroll and benefit costs for KCPL's Regulatory Affairs department and the Legal department are included in cost of service:

Total Cost of Regulatory Affairs Department	**KCPL-MO**	**GMO**
Payroll and Benefits	** ________ **	** ________ **
Payroll Allocation	66.70%	32.88%
O&M Rate (Expense Ratio)	67.01%	69.79%
Jurisdictional Allocation (Approx.)	53.00%	99.50%
Total Cost	** ________ **	** ________ **

The costs below include the annual costs for the seventeen (17) KCPL and GMO witnesses, some of whom are in the Regulatory Affairs department:

Total Cost of In-House Filed Testimony	**KCPL-MO**	**GMO**
Payroll and Benefits	** ______ **	** ______ **
Payroll Allocation	66.70%	32.88%
O&M Rate (Expense Ratio)	67.01%	69.79%
Jurisdictional Allocation (Approx.)	53.00%	99.50%
Total Cost	** ______ **	** ______ **

Ratepayers pay all the above costs annually with no sharing mechanism.

Q. On page 2 of her rebuttal testimony, OPC witness Amanda Conner states that Staff included zero ($0) rate case expense in KCPL's and GMO's direct cost of service, and that Staff's methodology is consistent with OPC's concerning rate case expense. Is she correct?

A. No. Staff included $3,705 and $13,454 in KCPL's[5] and GMO's[6] costs of service, respectively. Staff's recommended treatment of rate case expense differs from OPC; Staff recommends a 50/50 sharing of rate case expenses, while OPC recommends a sharing of expenses based on the ordered versus requested revenue requirement. Staff recommends OPC's methodology as an alternative for the Commission to consider.

Q. Please summarize your surrebuttal testimony.

A. Staff recommends that the Commission order a 50/50 sharing of rate case expenses, less depreciation study and customer notice expenses, which is consistent with the most recent Commission order in the Spire Missouri rate cases. Alternatively, Staff

[5] Accounting Schedule 10, Adjustment E-225.1.
[6] Accounting Schedule 10, Adjustment E-165.1.

recommends a sharing based on the ordered revenue requirement compared to the requested revenue requirement.

KCPL AND GMO RATE COMPARISON

Q. On page 28 of his rebuttal testimony, Mr. Ives identifies KCPL's and GMO's rate case history. How many rate increases has KCPL received since 2006?

A. KCPL has received seven rate increases, with this being the eighth rate case. Below are the rate increases, amounts requested, amounts authorized, and effective date of rates[7]:

Date Filed Case No.	Amount Requested	Amount Authorized	Effective Date of Rates
February 1, 2006 ER-2006-0314	$57 million 11.5% increase	$50.6 million 10.2% increase	January 1, 2007
February 1, 2007 ER-2007-0291	$45 million 8.3% increase	$35.3 million 6.5% increase	January 1, 2008
September 5, 2008 ER-2009-0089	$101 million 17.5% increase	$95 million 16.5% increase	September 1, 2009
June 4, 2010 ER-2010-0355	$92.1 million 13.8% increase	$34.8 million 5.2% increase	May 4, 2011
February 27, 2012 ER-2012-0174	$105 million 15.1% increase	$67.4 million 9.7% increase	January 26, 2013
October 30, 2014 ER-2014-0370	$120.9 million 15.8% increase	$89.6 million 11.8% increase	September 29, 2015
July 1, 2016 ER-2016-0285	$90.1 million 10.8% increase	$32.5 million 3.9% increase	June 8, 2017
January 30, 2018 ER-2018-0145	$16.4 million 1.88% increase	Pending	Pending

[7] Source: Commission Report and Orders from each rate case.

KCPL has received a total of approximately $405.2 million in rate increases since 2005. While KCPL made commitments to upgrade its infrastructure through significant investments, its customers also made substantial commitments to the Company through an approximate 97% increase in rates over this twelve-year period.

Q. How do KCPL's rates compare to the regional average and the Missouri average?

A. Staff compared the average rates using the Edison Electric Institute's ("EEI") Typical Bills and Average Rates Report updated through Winter 2018. The tables below detail the comparative rates for Missouri and Kansas retail rates:

MISSOURI RETAIL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Missouri	11.16	10.42	9.34	8.89	8.78	8.23	8.01	7.69	6.88	6.51	6.14	5.66	5.65
GMO-MPS	9.61	9.60	9.93	9.56	9.51	9.48	9.31	9.09	8.36	7.79	7.33	6.85	6.45
GMO-L&P[8]		9.13	9.35	9.14	9.10	8.49	7.34	6.75	6.34	5.93	5.63	5.30	5.20
Missouri Average	9.55	9.23	9.01	8.56	8.58	7.96	7.72	7.11	6.55	6.04	5.93	5.74	5.71

KANSAS RETAIL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Kansas	11.83	11.60	10.99	10.40	10.42	9.87	9.43	8.57	8.06	7.46	6.73	6.35	6.32
Kansas Average	10.69	10.60	10.06	9.99	9.46	9.00	8.43	8.00	7.62	6.84	6.12	6.35	6.14

[8] GMO-MPS and GMO-L&P rate have been consolidated. Consolidated rates for 2017 are listed on the GMO-MPS line.

REGIONAL RETAIL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
West North Central	9.55	9.23	8.95	8.70	8.56	8.06	7.82	7.53	7.14	6.81	6.51	6.38	6.17
United States Average	10.85	10.61	10.71	10.73	10.37	10.09	10.09	9.97	9.83	9.77	9.21	8.89	8.22

Source: EEI Winter 2010 Report, page 180 provided Data Request No. 0380 - ER-2010-0355;
EEI Winter 2012 Report, page 180 provided Data Request No. 0241 - ER-2012-0174;
EEI Winter 2014 Report, page 179; EEI Winter 2015 Report, page 178,
EEI Winter 2016 Report, page 178;
EEI Winter 2018 Report, page 174.

Attached as Surrebuttal Schedule KM-s1 are updated tables to include 2017 for residential, commercial and industrial customer rates for period 2005 to 2017 with all Commission regulated electric utilities, as well as Kansas electric rates.

Q. How many rate increases has GMO received since 2006?

A. GMO has received five rate increases, with this being the sixth rate case since 2006. Below are the rate increases, amounts requested, amounts authorized, and effective date of rates[9]:

Date Filed Case No.	MPS Amount Requested	MPS Amount Authorized	L&P Amount Requested	L&P Amount Authorized	Effective Date of Rates
July 3, 2006 ER-2007-0004	$94.5 million 22.0% increase	$45.3 million 11.6% increase	$22.4 million 22.1% increase	$13.6 million 12.79% increase	June 3, 2007
September 5, 2008 ER-2009-0090	$66.0 million 14.4% increase	$48.0 million 10.46% increase	$17.1 million 13.6% increase	$15.0 million 11.85% increase	September 1, 2009
June 4, 2010 ER-2010-0356	$75.8 million 14.4% increase	$35.7 million 7.2% increase	$22.1 million 13.9% increase	$22.1 million 13.9% increase[10]	June 25, 2011

[9] Source: Commission Report and Orders from each rate case.
[10] L&P rate increase phased-in, full amount was $29.8 million.

February 27, 2012 ER-2012-0175	$58.3 million 10.9% increase	$26.2 million 4.9% increase	$25.2 million 14.6% increase	$21.7 million 12.7% increase	January 26, 2013
February 23, 2016 ER-2016-0156	$59.3 million 8.2% increase	$3.0 million 0.41% increase	Consolidated	Consolidated	February 22, 2017
January 30, 2018 ER-2018-0146	$19.3 million 2.61% increase	Pending	Consolidated	Consolidated	Pending

GMO has received a total of approximately $230.6 million in rate increases since 2005. While GMO made commitments to upgrade its infrastructure through significant investments, its customers also made substantial commitments to the Company through an approximate 49% increase for its GMO-MPS customers and 85% increase for its GMO-L&P customers over this twelve-year period.

Q. What does your rate analysis demonstrate?

A. As noted by witness Ives, KCPL's overall rates are now above the national average, and have increased 97% from 2005. The national average rates increased at just 32% over the same period, which is smaller than the increases experienced by KCPL and GMO customers. The West North Central region, which includes KCPL and GMO, experienced an overall increase of 54%. None of these increases include any impact of changes in rates resulting from the current case.

SEVERANCE EXPENSE

Q. On page 10 of Mr. Klote's testimony, he notes that Staff did not make an adjustment eliminating severance costs in Staff's Cost of Service Report. Does Staff support inclusion of severance expense in the cost of service?

A. No. The failure to remove severance expense not related to the Voluntary Employee Exit Program ("VEEP") in its direct filed case was an oversight. Staff does support OPC's recommendation to remove these expenses.

Staff did include the VEEP severance in the amortization of Westar merger transition costs reflected in cost of service.

Q. Has the Commission denied severance expenses in past rate case proceedings?

A. Yes. In Case No. GR-96-285, Missouri Gas Energy ("MGE") proposed that the severance costs associated with the permanent elimination of employee positions be amortized over three years. Staff and OPC were opposed to the increase in cost of service for the amortization. OPC maintained that MGE's three-year amortization of severance payments incurred to reduce the number of employees should be eliminated from the prospective cost of service because MGE had already recovered these costs from the savings resulting from the reduction in the number of employees. In fact, OPC's evidence showed that the savings to MGE from the time the severance occurred to the time the rates in that case went into effect were greater than the accrued costs of the severance. This was also the position taken by the Staff in that case. The Commission's decision read as follows:

> The Commission finds that MGE's position is based upon fallacious reasoning. It is appropriate that prospective rates will be set on recently available payroll expense. MGE overlooks the substantial cash flow savings that it has achieved by terminating the employees. OPC's evidence shows that Southern Union's shareholders have already received more than the severance costs in terms of reduced payroll. The rates that MGE has been charging are premised on a payroll level higher than that which it currently has, so it has profited by the decreased number of employees.

* * *

> The Commission finds that MGE's shareholders have already received monetary compensation through the reduction in payroll expense. The Commission will not allow MGE to charge ratepayers the costs associated with employee severances where MGE has already recovered those costs. The Commission finds that the position of Staff and OPC is most reasonable on this issue.[11]

The Commission again denied recovery of severance expenses in KCPL's 2006 rate case, Case No. ER-2006-0314:

> The Commission finds that the competent and substantial evidence supports Staff's position, and finds this issue in favor of Staff. Staff's witness on this issue, Charles Hyneman, testified that KCPL answered one of his data requests by admitting that severance costs protect KCPL against such issues as sexual harassment or age discrimination, and that such costs are not recoverable in rates. He contrasted those severance payments, made only to protect shareholders, with severance payments made to decrease payroll, which could be included in cost of service because of the benefit to ratepayers. Moreover, Staff points out that KCPL excluded its 2005 severance costs from its earnings per share calculation that determines its management's incentive compensation payment. The Commission sees no equity in allowing KCPL to recover these costs from ratepayers when its own management excludes those same costs from its EPS calculation, to the enrichment of its executives via the incentive compensation plan.
> [Footnotes omitted.]

More recently, the Commission again rejected severance expenses in Ameren Missouri Case No. ER-2012-0166:

> Despite having already recovered the costs of the severance package, Ameren Missouri asks the Commission to again recover those costs from ratepayers through a direct three-year amortization. Ameren Missouri contends such recovery is justified because ratepayers will ultimately benefit from the cost reductions resulting from the severance package in an amount much greater than the direct costs the company seeks to amortize. Ameren Missouri also complains that from March 2009 through July 2012, the company actually under-recovered its payroll and benefit costs by $51 million. Finally, Ameren Missouri

[11] *Report and Order*, GR-96-285. MPSC Reports Vol 5, 3d, 453.

> argues that it should be allowed to recover the additional amortization so that it will have an incentive to pursue further cost-cutting measures.
>
> Ameren Missouri prudently took steps to reduce its payroll costs to improve the efficiency of its operations. Under the lag that results from the traditional regulatory model, the company is able to retain those cost savings until it chooses to come back for a rate adjustment and a new level of costs is used to reset rates. In this case, Ameren Missouri, for reasons unconnected to these particular costs, has asked the Commission to adjust its rates. The new rates will reflect the lower personnel costs and the company will cease to benefit directly from the reduced payroll after having barely recovered its costs. If Ameren Missouri had not chosen to request a rate increase at this time, it would have continued to benefit from its reduced payroll costs. That is how the system works.
>
> Ameren Missouri is essentially asking the Commission to require ratepayers to give the company a $25.8 million bonus to reward the company for being efficient in reducing its payroll and to give it an extra incentive to reduce costs in the future. The Commission finds that the company does not need and will not receive any extra incentive to operate efficiently.[12]
> [Footnotes omitted.]

Q. Please summarize your testimony on severance expense.

A. Although Staff does not sponsor a specific adjustment related to non-VEEP severance, Staff support's OPC's removal of these expenses. Through positive regulatory lag, KCPL and GMO can recover severance expenses and no further expenses should be recovered in the ongoing cost of service.

CROSSROADS MISCELLANEOUS EXPENSES

Q. On page 12 of Mr. Rush's rebuttal testimony, he claims Staff's position concerning the Crossroads miscellaneous expenses is "new" and goes beyond Commission rulings in prior cases. How do you respond?

[12] *Report and Order*, ER-2012-0166, pages 62-63.

A. I disagree that the position is new; rather it is a natural extension of Staff's overall recommendation concerning Crossroads and the Commission's orders concerning Crossroads and it was an oversight that these costs were not removed in prior cases. There are three costs at issue: Midwest Independent System Operator ("MISO") administrative fees, Mississippi state franchise taxes, and travel expenses to and from the facility.

The values of these adjustments are in the table below:

GMO Adjustment	Amount
MISO Administrative Fees	$371,778
Mississippi state franchise taxes	$99,975
Mississippi travel expenses	$6,594

The MISO administrative fees are recorded in FERC accounts with other Regional Transmission Organization ("RTO") fees and are appropriately considered transmission expenses along with the bulk of Crossroads transmission expenses charged to FERC Account 565. Since the Commission disallowed Crossroads transmission expenses, there is no reason to include the MISO administrative fees in the cost of service.

For the same reasoning the Commission used for excluding Crossroads transmission expense, Staff recommends excluding Mississippi state franchise taxes, and travel expenses to and from the Crossroads, which include airfare and lodging. The Commission's reasoning was outlined in the *Report and Order* in Case No. ER-2010-0356:

> 246. This higher transmission cost is an ongoing cost that will be paid every year that Crossroads is operating to provide electricity to customers located in and about Kansas City, Missouri. GMO does not incur any transmission costs for its other production facilities that are located in its MPS district that are used to serve its native load customers in that district. This ongoing transmission cost GMO incurs for Crossroads is a cost that it does not incur for South Harper, and is the cause of one of the biggest differences in the on-going operating costs between the two facilities.

> 247. It is not just and reasonable to require ratepayers to pay for the added transmission costs of electricity generated so far away in a transmission constricted location. Thus, the Commission will exclude the excessive transmission costs from recovery in rates.

If Crossroads were not located in Mississippi, GMO would not pay Mississippi franchise taxes, nor would airfare and lodging expenses be incurred for travel to and from Mississippi. Crossroads is located over 9 hours and 525 miles from Kansas City, Missouri.

TRUE UP

Q. Please identify the rate base items and income statement adjustments that you are sponsoring as part of the Staff's true-up filing.

A. Using the same methodology addressed in Staff's Cost of Service Report, I am sponsoring the following KCPL and GMO cost of service items that have been adjusted through June 30, 2018:

- Critical Infrastructure Protection ("CIP") and cyber security expenses
- SPP Administrative Fees
- Transmission Revenue and Expense
- Rate Case Expense
- Capitalized Long Term and Short Term Incentive Compensation

TRANSMISSION REVENUE AND EXPENSE

Q. On pages 20-24 of witness Frerking's rebuttal testimony, and on pages 3-5 of Mr. Klote's rebuttal testimony, KCPL and GMO recommend using the six months of January 2018 through June 2018 multiplied by two for the transmission revenue and expense annualization for the true-up revenue requirement. How does Staff recommend transmission revenue and expense should be trued-up?

A. Staff agrees with KCPL's and GMO's method for annualizing transmission revenue and expense. As described in witness Frerking's rebuttal testimony, the impact of SPP's Balanced Portfolio Reallocation began in October 2017. This event will impact transmission revenue and expense through 2022. Separately, Staff recommends the most current annual amount of City of Independence Power & Light ("IPL") expense for KCPL, under the terms of the IPL settlement in FERC Docket No. ER15-1499.

Q. Does this conclude your surrebuttal testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2018-0145
		and
In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	))))	Case No. ER-2018-0146

AFFIDAVIT OF KEITH MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW KEITH MAJORS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal and True-Up Direct Testimony* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

KEITH MAJORS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 31st day of August 2018.

Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TAMMY MORALES
My Commission Expires
January 7, 2022
Clay County
Commission #14451086

KCPL and GMO
Case No. ER-2018-0145 & ER-2018-0146
Electric Rate Comparison - Total Retail Rates
Source-Edison Electric Institute's Typical Bills and Average Rates Report publication for Total Retail Average Rates:

MISSOURI RETAIL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Missouri	**11.16**	**10.42**	**9.34**	**8.89**	**8.78**	**8.23**	**8.01**	**7.69**	**6.88**	**6.51**	**6.14**	**5.66**	**5.65**
GMO - MPS	9.61	9.60	9.93	9.56	9.51	9.48	9.31	9.09	8.36	7.79	7.33	6.85	6.45
GMO-L&P	*	9.13	9.35	9.14	9.10	8.49	7.34	6.75	6.34	5.93	5.63	5.30	5.20
Ameren Missouri	8.85	8.62	8.53	8.02	8.12	7.36	7.16	6.48	5.95	5.43	5.46	5.43	5.49
Empire- Missouri	11.70	11.27	11.09	11.00	10.65	10.35	10.07	8.96	8.45	8.18	8.03	7.33	7.09
Missouri Average	**9.55**	**9.23**	**9.01**	**8.56**	**8.58**	**7.96**	**7.72**	**7.11**	**6.55**	**6.04**	**5.93**	**5.74**	**5.71**

KANSAS RETAIL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL- Kansas	11.83	11.60	10.99	10.40	10.42	9.87	9.43	8.57	8.06	7.46	6.73	6.35	6.32
Empire - Kansas	10.46	10.21	10.76	10.39	10.15	10.48	10.11	9.25	8.41	8.69	8.61	8.06	6.54
Westar Energy - KGE	9.92	9.92	9.43	9.54	8.87	8.42	7.90	7.46	7.13	6.32	5.73	6.04	6.03
Westar Energy - KPL	10.73	10.63	10.06	10.17	9.42	8.99	8.28	8.15	7.82	6.92	6.06	6.25	5.58
Kansas Average	10.69	10.60	10.06	9.99	9.46	9.00	8.43	8.00	7.62	6.84	6.12	6.35	6.14

REGIONAL RETAIL AVERAGE RATES—CENTS PER KWH

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
West North Central	9.55	9.23	8.95	8.7	8.56	8.06	7.82	7.53	7.14	6.81	6.51	6.38	6.17
United States Average	10.85	10.61	10.71	10.73	10.37	10.09	10.09	9.97	9.83	9.77	9.2	8.89	8.22

Source: EEI Winter 2010 Report, page 180 provided Data Request 380- ER-2010-0355
EEI Winter 2012 Report, page 180 provided Data Request 241- ER-2012-0174
EEI Winter 2014 Report, page 179; EEI Winter 2015 Report, page 178;
EEI Winter 2016 Report, page 178
EEI Winter 2018 Report, page 174
* GMO - L&P Rates are consolidated with GMO - MPS

KCPL and GMO
Case No. ER-2018-0145 & ER-2018-0146
Electric Rate Comparison - Residential Rates
Source-Edison Electric Institute's Typical Bills and Average Rates Report Winter 2018 publication for Total Retail Average Rates:

MISSOURI RESIDENTIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Missouri	**13.78**	**12.85**	**11.63**	**10.99**	**10.82**	**10.30**	**9.90**	**9.53**	**8.51**	**8.14**	**7.61**	**6.90**	**6.88**
GMO - MPS	11.25	11.34	11.78	11.20	11.17	11.21	10.81	10.52	9.67	9.10	8.64	8.08	7.45
GMO-L&P	*	10.94	11.23	10.80	10.81	10.24	8.64	7.97	7.43	7.03	6.78	6.31	5.97
Ameren Missouri	10.73	10.30	10.89	9.97	10.11	9.30	8.80	7.82	7.03	6.53	6.60	6.60	6.52
Empire- Missouri	13.92	13.19	12.65	12.27	11.90	11.74	11.22	9.95	9.75	9.19	9.10	8.35	7.98
Missouri Average	**11.44**	**10.99**	**11.25**	**10.47**	**10.50**	**9.89**	**9.39**	**8.54**	**7.77**	**7.27**	**7.18**	**6.96**	**6.77**

KANSAS RESIDENTIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL- Kansas	13.38	13.14	12.30	11.58	11.57	11.09	10.58	9.67	9.07	8.43	7.43	6.92	6.88
Empire - Kansas	11.18	10.81	11.40	10.94	10.72	11.03	10.53	9.65	8.97	9.26	9.20	8.69	7.11
Westar Energy - KGE	13.28	13.00	12.04	12.04	11.16	10.68	9.92	9.46	8.84	7.84	7.29	7.72	7.74
Westar Energy - KPL	13.36	13.08	12.11	12.08	11.18	10.70	9.93	9.55	9.17	8.07	7.16	7.36	6.69
Kansas Average	13.32	13.04	12.13	11.90	11.29	10.81	10.12	9.56	9.03	8.12	7.31	7.51	7.27

REGIONAL RESIDENTIAL AVERAGE RATES—CENTS PER KWH

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
West North Central	12.24	11.85	11.54	11.01	10.82	10.35	9.91	9.40	8.79	8.37	8.13	7.99	7.70
United States Average	13.28	12.93	12.95	12.71	12.43	12.20	12.07	12.01	11.72	11.53	10.95	10.62	9.60

Source: EEI Winter 2010 Report, page 212 provided Data Request 380- ER-2010-0355
EEI Winter 2012 Report, page 212 provided Data Request 241- ER-2012-0174
EEI Winter 2014 Report, page 212; EEI Winter 2015 Report, page 21[illegible]
EEI Winter 2016 Report, page 21[illegible]
EEI Winter 2018 Report, page 20[illegible]
* GMO - L&P Rates are consolidated with GMO - MPS

KCPL and GMO
Case No. ER-2018-0145 & ER-2018-0146
Electric Rate Comparison - Commercial Rates
Source-Edison Electric Institute's Typical Bills and Average Rates Report Winter 2018 publication for Total Retail Average Rates:

MISSOURI COMMERCIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Missouri	**10.72**	**10.06**	**8.96**	**8.51**	**8.37**	7.79	**7.62**	**7.31**	**6.56**	**6.22**	**5.92**	5.49	**5.48**
GMO - MPS	9.06	8.68	8.94	8.63	8.57	8.49	8.45	8.25	7.62	7.08	6.59	6.16	5.94
GMO-L&P	*	9.18	9.39	9.21	9.12	8.46	7.36	6.69	6.26	5.86	5.51	5.26	5.37
Ameren Missouri	7.88	7.82	8.12	7.72	7.81	7.02	6.92	6.29	5.71	5.34	5.34	5.32	5.29
Empire- Missouri	11.32	10.93	10.91	10.93	10.58	10.25	9.94	8.82	8.60	8.13	7.96	7.32	7.08
Missouri Average	**8.77**	**8.55**	**8.57**	**8.21**	**8.20**	7.55	**7.40**	**6.85**	**6.26**	**5.87**	**5.74**	5.56	**5.50**

KANSAS COMMERCIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL- Kansas	10.66	10.34	9.91	9.40	9.44	8.93	8.38	7.57	7.20	6.62	6.13	5.90	5.87
Empire - Kansas	11.69	11.27	11.84	11.44	11.18	11.59	11.21	10.27	9.48	9.62	9.61	9.19	7.64
Westar Energy - KGE	9.90	9.82	9.51	9.73	8.95	8.46	7.97	7.57	7.31	6.66	6.03	6.38	6.29
Westar Energy - KPL	9.91	9.83	9.49	9.64	8.90	8.45	7.99	7.64	7.33	6.54	5.68	5.89	5.22
Kansas Average	10.14	9.99	9.63	9.60	9.08	8.61	8.12	7.61	7.30	6.61	5.93	6.24	5.96

REGIONAL COMMERCIAL AVERAGE RATES—CENTS PER KWH

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
West North Central	9.59	9.29	9.01	8.80	8.60	8.07	7.83	7.50	7.01	6.75	6.51	6.38	6.17
United States Average	10.82	10.60	10.87	10.94	10.52	10.19	10.20	10.21	10.03	10.05	9.53	9.33	8.54

Source: EEI Winter 2010 Report, page 246 provided Data Request 380- ER-2010-0355
EEI Winter 2012 Report, page 244 provided Data Request 241- ER-2012-0174
EEI Winter 2014 Report, page 245; EEI Winter 2015 Report, page 244
EEI Winter 2016 Report, page 244
EEI Winter 2018 Report, page 239
* GMO - L&P Rates are consolidated with GMO - MPS

KCPL and GMO
Case No. ER-2018-0145 & ER-2018-0146
Electric Rate Comparison - Industrial Rates
Source-Edison Electric Institute's Typical Bills and Average Rates Report Winter 2018 publication for Total Retail Average Rates:

MISSOURI INDUSTRIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL-Missouri	**8.08**	**7.40**	**6.75**	**6.44**	**6.46**	**5.99**	**5.83**	**5.57**	**5.13**	**4.77**	**4.47**	**4.21**	**4.23**
GMO - MPS	6.71	6.28	6.61	6.47	6.40	6.27	6.28	6.26	5.82	5.34	4.89	4.58	4.49
GMO-L&P	*	6.90	7.11	6.98	6.96	6.47	5.61	5.16	4.96	4.60	4.26	3.98	3.97
Ameren Missouri	6.48	6.24	5.48	5.34	5.45	4.85	4.87	4.46	4.30	3.87	3.89	3.96	4.05
Empire- Missouri	8.37	8.19	8.27	8.33	8.07	7.72	7.72	6.89	6.60	6.19	6.08	5.51	5.41
Missouri Average	7.02	6.70	5.99	5.83	5.88	5.35	5.30	4.90	4.73	4.26	4.18	4.14	4.61

KANSAS INDUSTRIAL AVERAGE RATES—CENTS PER KWH

Utility Company	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
KCPL- Kansas	9.88	9.65	9.29	8.79	8.16	6.65	7.95	7.06	6.73	6.15	5.50	5.15	5.15
Empire - Kansas	8.28	7.99	8.49	8.20	7.92	8.25	8.26	7.42	7.01	6.97	6.94	6.32	5.02
Westar Energy - KGE	7.09	7.17	6.95	7.04	6.63	6.30	5.89	5.47	5.34	4.78	4.17	4.36	4.32
Westar Energy - KPL	8.08	8.11	7.84	8.02	7.45	7.14	6.84	6.50	6.31	5.62	4.83	5.01	4.40
Kansas Average	7.57	7.63	7.40	7.49	7.00	6.62	6.34	5.91	5.75	5.15	4.49	4.77	4.65

REGIONAL INDUSTRIAL AVERAGE RATES—CENTS PER KWH

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
West North Central	6.96	6.71	6.30	6.20	6.10	5.68	5.62	5.48	5.38	5.21	4.83	4.76	4.52
United States Average	7.00	6.80	6.97	7.21	6.91	6.60	6.64	6.71	6.63	6.66	6.15	6.00	5.62

Source: EEI Winter 2010 Report, page 278 provided Data Request 380- ER-2010-0355
EEI Winter 2012 Report, page 276 provided Data Request 241- ER-2012-0174
EEI Winter 2014 Report, page 278; EEI Winter 2015 Report, page 276
EEI Winter 2016 Report, page 276
EEI Winter 2018 Report, page 271
* GMO - L&P Rates are consolidated with GMO - MPS