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ER-2016-0285

SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of
The Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY

Case No. ER-2016-0285

January 27, 2017

OPC Exhibit No. 312
Date 2.6.17 Reporter MB
File No. ER-2016-0285

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power &)
Light Company's Request for Authority to)
Implement A General Rate Increase for)
Electric Service)


Case No. ER-2016-0285

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

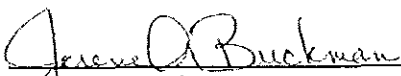


Geoff Marke
Regulatory Economist

Subscribed and sworn to me this 27th day of January 2017.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13751037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.

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SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 A. Geoff Marke, PhD, Economist, Office of the Public Counsel (OPC or Public Counsel), P.O.
4 Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Dr. Marke that filed direct and rebuttal testimony in ER-2016-0285?**

6 A. I am.

7 **Q. What is the purpose of your surrebuttal testimony?**

8 A. The purpose of this testimony is to respond to the direct testimony regarding:

- 9
- 10 • Clean Charge Network (“CCN”):
 - 11 ▪ Kansas City Power and Light (“KCPL” or “Company”) witness Tim Rush;
 - 12 ▪ National Resource Defense Council (“NRDC”) witness Noah Garcia;
 - 13 ▪ Missouri Public Service Commission Staff (“Staff”) witness Byron M.
14 Murray; and
 - 15 ▪ Missouri Division of Energy (“DE”) witness Martin R. Hyman
 - 16 • Economic Relief Pilot Program (“ERPP”):
 - 17 ▪ KCPL witness Ronald A. Klote
 - 18 • Edison Electric Institute (“EEI”):
 - 19 ▪ KCPL witness Elizabeth Danforth
 - 20 • Electric Power Research Institute (“EPRI”):
 - Update on Information received from the Company since rebuttal

1 My silence in regards to any issue should not be construed as an endorsement of KCPL or
2 other interveners' position.

3
4 **II. CLEAN CHARGE NETWORK ("CCN"):**

5 **Cost Recovery**

6 **Q. Please summarize the positions from rebuttal testimony?**

7 A. KCPL witness Rush and NRDC witness Garcia both support placing capital expense from
8 CCN into rates for reasons already stated in their respective direct testimony. Staff's position
9 has evolved from its filed direct. Staff now recommends that any revenue received will go to
10 cover the cost of the CCN and any costs not recovered by revenue received from the charging
11 stations will be offset by a separate revenue imputation.

12 **Q. Has OPC's position changed from direct?**

13 A. No. OPC continues to recommend the Commission reject KCPL's request. There is no
14 reason why KCPL could simply create a non-regulated affiliate to provide this nonessential
15 service. OPC believes that KCPL's regulated services should promote electric vehicle ("EV")
16 adoption by emphasizing its essential services, primarily through offering time-of-use
17 ("TOU") rates on an "opt-in" basis that encourages charging during low-cost, off-peak hours.
18 At this initial stage this CCN can best be promoted by educating customers on the value
19 proposition of off-peak charging rates.

20 KCPL's proposal to recover EV charging station costs "above the line" is not prudent or
21 justified. This is especially true because the presence of a regulated non-essential service
22 would create barriers to entry from competition. The Commission should leave EV-charging
23 infrastructure and pricing to the free market—with nonregulated actors—and the Company
24 should focus on promoting and educating its regulated services.

1 **Q. What do you mean by promoting and educating its regulated services?**

2 A. Today, if I drive down the road I know that a gallon of gas will cost me around \$2.00. Most
3 ratepayers would not be able to tell you what a kWh of electricity would cost. This
4 fundamental problem—lack of transparent and easily understood pricing—is a major barrier
5 towards EV adoption. To the extent KCPL wishes to help overcome this barrier, the
6 Company should focus on transparent and easily understood billing. It is OPC's belief that
7 this will have a greater overall impact on EV adoption than the presence of a non-essential
8 charging station.

9 **Appropriate Pricing for EV Charging Stations**

10 **Q. Please summarize parities positions from rebuttal testimony?**

11 A. There are multiple different positions on the appropriateness and terms of a session charge,
12 otherwise known as the cost for occupying the space where the EV charging occurs. KCPL
13 recommends that host sites should be free to set this fee. Staff recommends one uniform
14 session charge for all charging stations regardless of the speed of the charge or location of the
15 station. DE recommends that no session charge be included at all. DE also favors
16 Commission-enforced pricing for this nonessential service based, in part, on its fear of price
17 gouging if left to the free market. It should be noted that, the CCN is not capable of enforcing
18 a cost onto vehicles that occupy an EV charging space for parking only. That is, a Ford
19 Escort can effectively park in an EV charging station spot and prevent EV drivers from
20 charging without any financial repercussions.

21 **Q. Has OPC's position changed from direct?**

22 A. No. OPC believes the price should be whatever the market determines. DE's concerns with
23 price gouging are unwarranted and demonstrate a fundamental misunderstanding of how
24 markets work.

25 The disagreements over appropriate session charge illustrate the problem with a command-
26 and-control economy. To a certain extent, all three opinions on the matter are "correct." The

1 Company is correct in pointing out that host sites should be able to charge at different prices
2 because sites (e.g., parking spots) are placed in locations to maximize monetary value. For
3 example, an EV charging station located at an airport has a greater value than an EV charging
4 station away from an airport given the premium placed on parking. From a regulatory and
5 cost-of-service perspective, Staff is correct that host sites should not be allowed to price
6 electricity service at whatever they want if the EV charging stations are regulated with prices
7 set by the Commission. DE is also correct that no session fee should be applied if costs are to
8 be ignored all together in favor of the “policy” promotion of EV charging stations.

9 OPC, maintains its original position of supporting free market competition and believes that
10 government intervention is not warranted and inhibits EV promotion.

11 **III. ECONOMIC RELIEF PILOT PROGRAM (“ERPP”):**

12 **Q. Please summarize the issue?**

13 A. The ERPP is a financial assistance program funded equally between ratepayers and
14 shareholders at \$630,000 each that allow bill credits of up to \$65 per month. Participants
15 shall receive the available credit for so long as the participant continues to meet the ERPP
16 eligibility requirements and reapplies to the program as required. The Company was praised
17 for its actions in its last rate case, with the Commission’s Report and Order stating:

18 The ERPP is an important and valuable program to assist low-income
19 customers with bill affordability. KCPL should be commended for
20 establishing this program and recommending that it be expanded.¹

21 Unfortunately, the expansion has not worked with the Company sitting on over a half-million
22 dollars in unspent funds. Part of the problem is revealed with a review of the “Financial
23 Assistance” section of KCPL’s webpage that has no explanation of the program. As seen in
24 the snapshot in Figure 1 with the ERPP section highlighted.

¹ ER-2014-0370, Report and Order. P. 103-104.

1 Figure 1: Snapshot of KCPL's webpage's Financial Assistance options²

Start, Stop or Transfer Service

For Business

Billing and Payment Options

Start, Stop or Transfer Service

Ways to Pay +

Online Account Access

Understanding My Bill +

Rate Information +

How Rates are Set +

- [Submit a form](#)
- Call 816-471-5275 or 1-888-471-5275

Ask for Payment Help

There are organizations and programs that can help you pay your electric bill.

- **United Way:** Call 2-1-1 to reach the United Way (24 hours a day, seven days a week). If you're unable to dial 2-1-1, call:
 - [United Way of Greater KC](#) or call 1-866-320-5764
 - [United Way 2-1-1 of Kansas](#) or call 1-855-373-4636
 - [United Way 2-1-1 of Missouri](#) or call 1-800-427-4626
- [Missouri Low Income Home Energy Assistance Program \(LIHEAP\)](#) is available November 1 to March 31
 - Call 1-855-373-4636
- [Kansas Low Income Energy Assistance Program \(LIEAP\)](#) is available January 21 to March 31
 - Call 1-800-432-0043
- [Salvation Army:](#) KCP&L Economic Relief Program (available to Missouri residents who qualify)
 - Call 1-877-566-2769 , ext. 1
 - [Visit your local Salvation Army](#)
- [Earned Income Tax Credit \(EITC\)](#) from the IRS
 - Call 1-800-829-1040

Income-Eligible Weatherization

For income-qualified participants, KCP&L can help weatherize your home to increase energy efficiency and lower your utility bills. [Learn More](#)

No explanation given, only a hyperlink to the Salvation Army.

2
3
4
5

Figure 2 shows a snapshot of the Salvation Army's utility assistance webpage that KCPL customers would see if the ratepayer were to click on the Salvation Army hyperlink.

² KCPL (2016) Financial Assistance. <http://www.kcpl.com/my-bill/for-home/financial-assistance>

1 Figure 2: Snapshot of Salvation Army's ERPP website information³



2
3 The Commission should note that the page has not been updated to reflect changes to the
4 program that were approved from the Company's last rate case. Specifically, the webpage
5 states:

6 Approved applicants may receive up to \$50 towards electric bill for 12 months.

7 The website should say "up to \$65." Additionally, recipients may receive funds beyond the
8 12 months, but would need to re-enroll. Finally, recipients do not need to be current on their
9 bill. The ERPP specifically allows for participants who have outstanding arrearages to enter
10 into special pay agreements that are mutually agreeable to the participant and Company.

11 **Q. What recommendations were put forward by other parties?**

12 **A.** Staff has made a recommendation to decrease ratepayer/shareholder funding to \$524,128
13 annually with \$65,855 of the funding be drawn annually from the balance of unspent funds.
14 The Company supports these recommendations.

³ The Salvation Army (2017) Utility Assistance. <http://salarmymokan.org/struggling-families/utility-assistance/>

1 Staff also recommends that KCPL expand administration of the program to other community
2 action agencies within the service territory. KCPL witness Klote rejects this
3 recommendation, citing potential customer confusion and program tracking concerns.

4 **Q. Is low-income assistance still necessary in KCPL's service territory?**

5 A. Yes. This is highlighted by looking at a recently featured KCTV CBS News story with the
6 stated headline of: "Utility company cuts power to sick child's home despite note from
7 hospital." The story describes a case where power was shut-off for Ms. Kari White, a
8 grandmother responsible for caring for her four-year-old granddaughter who is blind, deaf
9 and diagnosed with cerebral palsy (See GM-1⁴). According to the article, the four-year-girl,
10 Lee-Anna, has a feeding tube and needs suction and oxygen—all items that require
11 electricity. After her power was shut off, Lee-Anna had to be admitted to the hospital.
12 Apparently Ms. White contacted KCPL to explain her situation and even had the hospital fax
13 a letter on the family's behalf. In response to this story, KCPL released a statement with the
14 following comments:

15 KCP&L works to find solutions for customers who are in difficult situations.
16 We know that there is no "one-size fits all" solution for our customers'
17 needs. So we encourage them to let us know when they need our help and
18 we'll work to design the solution that's best for their needs. We also know
19 people living in and around Kansas City are some of the most generous and
20 want to do what they can to help. We encourage anyone who would like to
21 help to check out both our Energy Gift and Dollar-Aide programs.⁵

22 Whether Ms. White applied for the program or not is irrelevant. KCPL's released statement
23 does not even mention the ERPP program let alone its availability for those most in need.
24 This is especially disconcerting given the excess funds still available. The fact that KCPL

⁴ GM-1 contains ER-2016-0285 Public Comment P201702216 in its entirety.

⁵ KCTV News 5 (2016) Utility company cuts power to sick child's home despite note from hospital.
<http://www.kctv5.com/story/33775295/utility-company-cuts-power-to-sick-childs-home-despite-note-from-hospital>

1 will not even promote the program in responding to this tragedy gives a lot of insight into
2 their overall failure to expend these funds.

3 **Q. What is OPC's position?**

4 A. OPC is primarily concerned with the pronounced levels of unused ERPP funds since KCPL's
5 last rate case (ER-2014-0370). We are also concerned with the lack of apparent coordination
6 between the Company and the Salvation Army in accurately conveying the details of the
7 program and its availability. Clearly, the money is not getting spent despite an apparent need.

8 OPC would recommend that funding levels be maintained at the \$630,000 annual amount as
9 directed by the Commission in the Company's last rate case. Furthermore, we support Staff's
10 position that invitations be extended to additional agencies to ensure that funding is spent.
11 Based on recent conversations at the Committee to Keep Missourian's Warm, OPC would
12 offer that reStart Inc. may be a viable agency to distribute available funds.

13 **Q. What is reStart Inc.?**

14 A. reStart Inc. is a nonprofit charged with ending homelessness in the Kansas City area. It is the
15 only homeless agency in Kansas City that serves all homeless populations. In its thirty-two
16 year operations, it has served 28,406 homeless individuals including 11,174 children and
17 youth.⁶ Based on discussions with the reStart's president, Evelyn Craig, one of the many
18 obstacles facing homeless individuals includes ensuring basic coverage for utility expenses.
19 OPC is interested in engaging in discussions with stakeholders to see if extending ERPP
20 funds to an organization such as reStart Inc. and/or other agencies would help ensure that
21 funding gets spent. As it stands, having over a half-million dollars in excess low-income bill
22 assistance funding is unacceptable given the pronounced need in the KCPL service territory.

⁶ Restart (2017) About reStart. <http://restartinc.org/about/>

1 **IV. EDISON ELECTRIC INSITITUTE (“EEI”) DUES:**

2 **Q. Please summarize the issue with these dues.**

3 A. Staff has disallowed all EEI costs based on the Company’s inability to demonstrate ratepayer
4 benefits from the Company’s membership. Company witness Danforth disagrees and defends
5 her position with two pages of rebuttal testimony citing general benefits associated with the
6 membership with the sole cited example being participation in the United Nations
7 Framework Convention on Climate Change. According to Ms. Danforth:

8 EEI attendance at the negotiations representing KCP&L leverages
9 membership by avoiding costly international travel.⁷

10 **Q. What is OPC’s position?**

11 A. OPC supports Staff’s position. Ms. Danforth’s two-page rebuttal on espoused benefits
12 appears to largely rest on framing EEI’s efforts as “advocating” for ratepayers as opposed to
13 “lobbying” for shareholders. For KCPL, this results in a 79% ratepayer “advocate” allocation
14 and 21% shareholder “lobbying” allocation for dues in total. There is no evidence to support
15 this. OPC does understand that EEI’s SpareConnect and Spare Transformer Equipment
16 programs which involve industry efforts to share and transport transformers and other critical
17 equipment during an emergency may have some benefit to ratepayers, however, the company
18 has not demonstrated the value of this potential benefit in this case. Although not explicitly
19 cited in KCPL’s testimony, OPC is aware of this EEI sponsored program and recognizes that
20 benefits may be derived from EEI membership associated with pooling resources for resilient
21 efforts. Absent such efforts ratepayers might otherwise have to pay costly subscription fees to
22 organizations such as Grid Assurance for similar support.⁸ As such, OPC would consider
23 supporting some allocation of costs for EEI dues if the Company were to demonstrate that
24 benefit.

⁷ ER-2016-0285 Rebuttal Testimony of Elizabeth Danforth p. 4, 10-12.

⁸ OPC is currently awaiting data requests response from KCPL related to the affiliate status of Grid Assurance.

1 **V. ELECTRIC POWER RESEARCH INSTITUTE ('EPRI')**

2 **Q. What is the issue here?**

3 A. In rebuttal testimony OPC had taken the position to disallow all EPRI-related costs based on
4 the continued failure of the Company to provide copies of KCPL-EPRI related research. This
5 recommendation was based primarily on the failure of the Company to provide OPC with
6 five specific KCPL-EPRI related documents that are currently for sale on EPRI's website at
7 prices between \$10,000 to \$25,000 dollars.

8 **Q. Has the Company provided the information?**

9 A. Yes, in part. OPC received copies of each of the requested reports. However, the format of
10 the reports conceals information and/or makes it otherwise difficult to read. In at least four of
11 the documents, text of the information is presented in all capitalized letters and is at times
12 concealed entirely by graphs or is otherwise omitted in sections.

13 It is unclear whether or not the Company or EPRI is responsible for the final presentation of
14 this information. Based on the cryptic format, OPC is unable to properly confirm the
15 prudence of these reports or the benefit to ratepayers.

16 As such, OPC has submitted a data request to the Company inquiring about the specific
17 amount of money associated with EPRI-related costs the Company is seeking to be included
18 in rates. Until the aforementioned problems are reconciled and the prudence of these costs
19 can be confirmed, OPC maintains its position to disallow EPRI-related costs.

20 **Q. Does this conclude your testimony?**

21 A. Yes.

Schallenberg, Bob

From: B D <genifan10@gmail.com>
Sent: Wednesday, November 23, 2016 7:25 AM
To: Schallenberg, Bob
Subject: Recent story about how KCP&L treats customer
Attachments: KCP&L executives annual pay and customer story.docx

Categories: Red Category

Attaching story from local TV News station about child that needs electricity to survive. Also attached is executives of KCP&L annual pay for 2015. They should not be allowed to continue to increase our rates while they award top executives with outrageous amounts of monies. Thursday they will pay for the Plaza Lighting Ceremony in Kansas City out of funds they collect from customers. They do not have their priorities in the right place, especially since they are a monopoly. I do not understand how they can look in the mirror when they are acting like thieves.

For its 2015 fiscal year, **GREAT PLAINS ENERGY INC**, listed the following executives on its annual proxy statement to the SEC

Name and Title	Terry Bassham	Chairman, President and Chief Executive Officer	\$2,848,618
	Michael L. Deggendorf	Senior Vice President-KCP&L and GMO	\$719,654
	Scott H. Heldtbrink	Executive Vice President and Chief Operating Officer-KCP&L and GMO	\$1,653,974
	James C. Shay	Former Senior Vice President-Finance and Chief Financial Officer	\$902,219
	Heather A. Humphrey	Senior Vice President-Corporate Services and General Counsel	\$898,245
	Kevin E. Bryant	Senior Vice President - Finance and Strategy and Chief Financial Officer	\$1,106,881



It is dark and cold inside Lee-Anna's bedroom. However, she has heat and electricity inside her Children's Mercy Hospital room. Her grandmother questions how she got here. (Submitted)

KANSAS CITY, MO (KCTV) -

A little girl is sick and she can't be at her own home, in her own bed, as she tries to get better because her power has been cut off.

It is dark and cold inside Lee-Anna Williamson's bedroom. However, she has heat and electricity inside her Children's Mercy Hospital room. Her grandmother questions how she got here.

Kari White says KCP&L shut off the power and that was the tipping point for her medically fragile 4-year-old granddaughter who is blind, deaf and diagnosed with cerebral palsy.

Lee-Anna has a feeding tube and needs suction and oxygen. All of that requires electricity.

"I thought I was a horrible person because I couldn't keep it on for her," White said.

White said she begged KCP&L to work with her

Children's Mercy even faxed a letter to the utility company in September. It reads, "Please work with the family during this stressful time to ensure that the family has electricity and hot water to tend to Lee-Anna's needs."

KCTV5 News reached out to KCP&L. The company said the hospital letter is not enough. The family needs to fill out a medical form too and that was never done.

Later on Tuesday, KCP&L released a statement:

KCP&L works to find solutions for customers who are in difficult situations. We know there is no "one-size fits all" solution for our customers' needs. So we

encourage them to let us know when they need our help and we'll work to design the solution that's best for their needs. We also know people living in and around Kansas City are some of the most generous and want to do what they can to help. We encourage anyone who would like to help to check out both our Energy Gift and Dollar-Aide programs.

White says this is the first she's heard of a special form.

"I understand I owe money," she said.

The family owes more than \$900. The payment plan was for \$269. White said she could only pay \$125 this month.

"I'm sorry that it's gotten so far behind, but I'm willing to pay it. I just can't go a whole bunch right now. Please turn it back on for my Lee-Anna," she said.

Lee-Anna's family hopes she gets out of the hospital soon. However, she will go stay with her great-grandmother who has cancer.

White said she will fill out the medical form she just received Tuesday but says this is the first she has ever heard of a special medical form.

