BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its *Statement of Positions* states:

I. Commission Raised Issues

a. Staff's Investigation into KCPL's and GMO's Review and Response Time Regarding the Approval of Net Metering and Solar Rebate Applications for systems Over 10kW.

Staff found evidence of KCPL & GMO application response times that exceed the time outlined in Section 386.890.7(1) RSMo. There were 29 total instances of exceeding the 90 day timeframe for systems greater than 10kW since 2014, with none in 2018. There were 409 instances of exceeding the 30 day timeframe for systems smaller than 10kW since 2014, with 63 in 2018. Staff recommends that the Commission open a separate docket to investigate these issues further if the Commission is not satisfied with KCPL's and GMO's response.

(See generally rebuttal testimony of Cedric E. Cunigan pages 5 through 7 and surrebuttal testimony of Cedric E. Cunigan, pages 2 and 3.)

b. KCPL and GMO Line Extension Issue.

The KCPL and GMO model compares the estimate of on-going revenues net of the cost of energy to the estimated on-going revenue requirement of the new distribution system to be installed. The Ameren model compares an estimate of single year gross revenues including the cost of energy to the total cost of the distribution extension net of any applicable free allowance. The KCPL/GMO approach compares the elements that are most relevant to gauging the impact on future rates of adding infrastructure to support a new customer, while the Ameren Missouri approach compares the elements that are more relevant to the utility's profit, and by that measure the KCPL/GMO model is "more beneficial to customers than the one used by Ameren."

(*Sarah LK Lange Surrebuttal page 5.)*

The current KCPL and GMO MEEIA programs do not offer HVAC rebates for new construction. As such, there is no conflict between the current line extension policies and the current MEEIA programs. (*Sarah LK Lange Surrebuttal page 9.*)

II. Load Research – Should the Commission order KCPL and GMO to utilize AMI metering to improve the quality of hourly load information available in future cases?

Yes, the Commission should order that KCPL and GMO utilize AMI metering data if certain other conditions are not met.

Since consolidation of the MPS and L&P rate districts within GMO occurred during the test year of this rate case, the old sample design was inevitably utilized, and, due to time constraints, it is impossible to get the hourly load research data ("HLRD") using a proper sample design for this rate case. Therefore, for any future cases filed after June 30, 2019, Staff expects that GMO will provide proper HLRD that is based on a new sample design, which is matched to GMO's consolidated rate design and rate

classes as stated in the Stipulation and Agreement filed in the last rate case, Case No. ER-2016-0156. Staff also expects KCPL and GMO to use consistent customers to produce the HLRD of LPS for future weather normalization.

If these conditions are not met, then Staff would recommend that the Commission order KCPL and GMO to utilize AMI metering to improve the quality of hourly load information available in future cases. Thus, Staff will receive actual hourly class loads instead of loads that are being derived from samples. AMI metering hourly census data for each and every customer who has an AMI meter from every class can be used by Staff to perform the weather normalization adjustments applicable for every class. (*See generally Seoung Joun Won's COS Rebuttal, Pages 2-6.)*

III. Rate Design/Class Cost of Service

a. CCOS

i. What revenue neutral changes to class revenue responsibility, if any, should the Commission order for each utility?

Staff position GMO:

As part of GMO's last rate case, Case No. ER-2016-0156, GMO comprehensively modified its rate structures and designs applicable to all customer classes, which resulted in rate switching and changes in relevant billing determinants due to the reconfiguration of its customer classes. Class-level hourly load information is necessary to produce class-level coincident and non-coincident peak information, among other things. In its Report on Rate Design ("CCOS Report") filed in Case No. ER-2016-0156, Staff stated that GMO's requested rate structure and rate designs for the non-residential rate classifications were not what Staff would have proposed, but that GMO's non-residential rate design was not unreasonable for use until GMO is able to file a rate design case as soon as necessary data is available. Because GMO is unable to

provide 12 months of data for the customer classes as established under its reconfigured classes and rate structures, Staff has determined that the information needed to produce a reasonably reliable class cost of service study for GMO, for purposes of recommending interclass revenue requirement shifts, is not available in this case.

In the absence of the information necessary to conduct a reliable class cost of service study, Staff does not recommend any deliberate interclass revenue-neutral shifts to revenue responsibility for GMO. (*Staff CCoS Report pages 1-2.)*

Staff position KCPL:

For KCPL, Staff found that all classes are contributing revenues at or near their cost of service, and contributing to the company's overall return. While the Large General Service, Large Power Service, and Lighting Classes contribute to overall returns at a level below system average, the variance is within the expected precision of a CCOS study. (Staff CCoS Report page 2.)

Typically, in the interest of mitigating customer impacts, and in recognition of the relative precision of a CCOS Study, Staff recommends adjustment to interclass revenue responsibility only when one or more classes over-contribute by more than 5% while one or more classes under-contribute by more than 5%. Because at the time of this filing, Staff has determined that KCPL's retail rates should be reduced by approximately 2.2%, there is significant flexibility in interclass revenues shifts from a customer impact mitigation perspective. Staff recommends revenue responsibility shifts only if KCPL's revenues are ordered to be reduced by $18-19 million or more. Staff does not recommend this magnitude of interclass revenue shifts if a smaller decrease, an increase, or no change in revenue requirement is ordered. *(Staff CCoS Report page 6.)*

If an overall revenue decrease of approximately $19 million is ordered for KCPL, Staff recommends a revenue neutral shift in revenue responsibility from the Small General Service ("SGS") class in the amount of $7.5 million, and a shift from the Medium General Service ("MGS") class in the amount of $2 million, to be spread equally among the remaining classes.

If a decrease of less than $18 million but more than $10 million is ordered for KCPL, Staff recommends a revenue neutral shift in revenue responsibility from the SGS class of $6 million and from the MGS class of $1 million, to be spread equally among the remaining classes.

If a decrease of less than $10 million is ordered for KCPL, Staff recommends that the first $5 million of the decrease be applied to the SGS class, and any remaining decrease be applied as an equal percentage to the remaining classes.

If there is no change in revenue requirement or an increase in revenue requirement is ordered, Staff recommends that no revenue neutral shifts be made. (*Staff CCoS Report page 3*.)

b. Residential Rate Design

i. What residential rate design should be ordered for each utility?

Staff recommends these cases be used as an opportunity to begin the process of implementing default company-wide Time of Use ("ToU") rates for all customers with AMI meters. (*Staff CCoS Report page 3*.)

Staff's recommended rate designs, with on peak defined as 8:00 am – 9:59 pm, are provided below:

Revenue Neutral ToU Rates		
GMO	Res. Peak	Res. Off
Summer	$ 0.12231	$0.11690
NonSummer	$ 0.10185	$0.06363
	$ -	$ -
KCPL	Res. Peak	Res. Off
Summer	$ 0.14096	$0.13343
NonSummer	$ 0.11597	$0.07140

(*Sarah LK Lange Surrebuttal page 15.*)

Staff's intent at this time is not that time of use cause significant customer response driven by significant customer impact. Rather, Staff's proposal is to place proper price signals to better correlate cost causation and rate recovery.

Staff's low-differential ToU rates are not designed to cause customers to change behavior at this time. While under these ToU rates customers would benefit from changing behavior, that benefit is purposely minimal to avoid causing more substantial customer impacts as customers begin to learn the concept of time-differentiated rates. This ToU training wheel approach does not require customers to have access to a great deal of additional information, and during this training wheel period of low-differential ToU rates, customers will be (1) learning that time-differentiated rates exist, and (2) that customers using relatively more expensive energy pay slightly more than customers using relatively inexpensive energy. Staff's proposed rates relate price signals consistent with the magnitude of price signals included in the Company's existing rate designs to the time of day the energy is used, as opposed to the point in the month when a customer has exceeded some set level of energy usage. This is better aligned with principles of cost causation, as it more accurately reflects what a utility pays for energy through the SPP integrated market, and also how a utility's capacity needs are determined, both on a system level and local level. (*Sarah LK Lange Surrebuttal page 14, 22-23*)

Staff cautions that an inclining block rate with a steep incline in summer or winter may have unexpected negative impacts on either customers or the utility due to an abnormal weather event. (*Robin Kliethermes CCoS Rebuttal Page 12*.)

If the Commission is interested in considering inclining/declining blocks combined with ToU, Staff recommends the Commission order KCPL and GMO to retain the information necessary to develop the determinants associated with such a design. (*Robin Kliethermes CCoS Rebuttal Page 15.*)

ii. What residential customer charges should be ordered for each utility?

KCPL Res Customer charge of $12.82.

GMO Res Customer charge of $12.62.

(*Staff CCoS Report Page 42.)*

iii. Should KCPL's residential rate schedules be simplified and consolidated as recommended by Staff?

Staff recommends changes to the Residential rate schedules of both utilities for the customers without AMI metering and for customers opting out of ToU rates. If the Commission does not order default ToU rates at this time, these changes would be applicable to all residential customers.

Staff recommends the Commission order (1) correction of minor discrepancies in the existing Residential General Use and Space Heating rate schedules of KCPL, (2) elimination of the Separately Metered Space Heating schedule and consolidation into the Space Heating rate schedule for KCPL, and (3) intraclass shifts in revenue responsibility to bring the rates of the Space Heating rate schedule closer to those of the General Use rate schedule for both utilities. These changes are provided in Appendix 2 of the CCOS Report, Schedule SLKL-d3. (*Staff CCoS Report Page 42-43; Sarah LK Lange Rebuttal page 31*.)

iv. Should the Commission order implementation of KCPL's and GMO's proposed Time of Use Pilots? If so, how?

No. Staff recommends these cases be used as an opportunity to begin the process of implementing company-wide Time of Use ("ToU") rates for all customers with AMI meters and offers a default approach to ToU rate implementation. *(Staff CCoS Report page 3; Sarah Lange Surrebuttal, page 11.)*

c. Non-Residential Rate Design

i. What Rate Designs should be ordered for each utility's non-residential classes?

To implement the changes to revenue requirement ultimately ordered in this case, on an intraclass basis Staff recommends the following:

(1) For KCPL's LPS class, the declining blocked demand charges should first be flattened on a revenue-neutral basis within the class, regardless of whether any increase or decrease in revenue requirement be ordered. Any decrease ordered should be applied as an equal percent reduction to the facilities charge and the first and second blocks of the energy charge.

(2) For all other non-residential non-lighting classes for both utilities, Staff recommends that any class-level decrease be applied to the first and second block hour's use energy charges.

(3) If a class-level increase is ordered for any non-residential class for either KCPL or GMO, Staff recommends that such increase be applied as an additional charge to kWh sold between the hours of 8:00 am and 6:00 pm, on non-holiday weekdays. This will result, on average, in a relative shift of revenue recovery back from the energy charge variation based on customer NCP in a manner consistent with cost-causation. (*Staff CCoS Report page 47*.)

IV. Tariffs

a. Restoration Charge – Should a restoration charge be added to each utility's tariffs as requested by KCPL and GMO?

No. The submitted tariffs establishing a Restoration Charge as a condition precedent to the restoration of service where electric service has been terminated per the request of the customer is not specific enough to assure that the charge will only be applied in a consistent manner to those customers the Company believes should bear those costs. *(Bernsen Rebuttal pages 3-5.)*

b. Special Contracts – Should each utility's special contract tariffs be revised as proposed by KCPL and GMO?

If the RTP tariffs are eliminated, it is not necessary to remove the formula provided in the Special Contract tariffs, only the literal and passing reference to the RTP tariffs would need to be removed. However, because Staff does not recommend eliminating the RTP tariffs, no changes to the Special Contract tariffs are necessary or appropriate on the basis of the request made by KCPL and GMO. (*Sarah LK Lange CCoS Rebuttal pages 11-12*.)

c. Real Time Pricing – Should the Commission eliminate or unfreeze each utility's Real Time Pricing tariffs?

KCPL and GMO should simplify the RTPs to a less variable and less administratively cumbersome Time of Use rider for the General Service classes and Large Power Service class. This revision should incorporate input from customers currently served under the RTP, and also from interested prospective customers, as well as Staff and other interested parties to this case. (*Sarah LK Lange CCoS Rebuttal page 13.)*

d. **Other Studies –** Should the Commission order KCPL and GMO to complete the studies recommended by Staff, including (1) seasonal rates; (2) alignment of billing seasons between utilities; (3) study and retention of billing determinants to develop more complex rate designs including but not limited to coincident peak demand; and (4) development and recording of facility extensions by customer and/or class?

1) Yes. Staff recommends that prior to the next rate design or general rate case, KCPL and GMO each study the seasonal nature of demands on the transmission and distribution systems, as well as the seasonal nature of the costs of capacity and energy to serve load. Specifically, Staff recommends the utilities consider dividing the current "winter" season, which consists of all non-summer months, into winter and shoulder seasons. (*Staff CCoS Report, Page 48.*)

2) Yes. Staff recommends KCPL and GMO consider aligning the summer seasons of the two utilities, which currently vary by approximately 15 days. (*Staff CCoS Report Page 48*.)

3) Yes. Staff recommends that KCPL and GMO begin to study and/or retain determinants associated with the creation of a coincident peak demand charge for all classes. For example, the highest 15 minute level of usage at any time between 12:01 pm and 6:00 pm on weekdays during the months of June – September. (*Staff CCoS Report Page 48*.)

4) Yes. Staff recommends that KCPL and GMO develop the record necessary to assign facility extensions to the classes in which customers take service. (*Staff CCoS Report Page 48*.)

e. **Under-Utilized Infrastructure Tariff –** Should the Commission adopt the under-utilized infrastructure tariff proposed by KCP&L and GMO?

No. Staff understood the focus of File. No. EW-2016-0041 was to develop tariff provisions that would encourage restoration or adaptive reuse of areas where underutilized distribution infrastructure, including secondary transformers and service drops, would be returned to active service. The tariff revisions proposed by KCPL and GMO are not narrowly tailored to such instances, and may in fact be counterproductive to encouraging such adaptive reuse. The Commission ordered adoption of GMO's line extension policy in the last KCPL rate case had the effect of increasing the relative economic attractiveness (considering only upfront utility costs) of adaptive reuse over a greenfield project. By reducing the costs of a greenfield project under the newly proposed tariff revisions, it is likely that the relative economic attractiveness (considering only upfront utility costs) of the greenfield project over adaptive reuse would be restored. (*Sarah LK Lange CCoS Rebuttal pages 14-15*.)

V. Riders

a. Renewable Energy Rider – Should the Commission order implementation of a renewable energy rider for each utility? If so, should the unsubscribed energy flow through each utility's FAC, or should any other recommendations made by parties be adopted?

Yes. The commission should allow the implementation of a renewable energy rider that limits the costs and benefits of the program to the subscribing customers and shareholders. The unsubscribed energy from the program should not flow through the FAC. Staff's position is the non-residential customers that subscribe to "Renewable Energy" should bear ALL cost and revenue incurred by KCPL and GMO to provide this energy option. This change and other changes are provided in the form of the tariff provided as SLKL –r1.

b. **Solar Subscription Rider –** Should the Commission order the implementation of a solar subscription rider for each utility? If yes, should the Commission order the adoption of any other recommendations made by parties?

Yes. The Commission should order the implementation of a solar subscription pilot rider as provided in SLKL-r3. *(See also rebuttal and surrebuttal of Claire M. Eubanks, P.E.)*

The Commission should include the following in its order concerning this issue:

- **As part of the compliance tariffs implementing this rate case, KCPL and GMO should recalculate the Solar Block cost consistent with the outcome of this case, and based on the most recently-available engineering estimates. For example, the capital structure, rate of return, and return on equity inputs should be updated to reflect those ordered for each jurisdiction. The resulting value should be grossed up 5% - 10% and be denominated on the tariff sheet as a "not to exceed Solar Block Cost."**
- **Prior to initiating subscriptions, KCPL and GMO should refine the Solar Block calculation for final designs and sizing, and promulgate the updated tariff sheet, if applicable, as a "not to exceed Solar Block Cost."**
- **After completion of each resource, that jurisdiction should finalize the Solar Block calculation for actual costs incurred, update inputs for any intervening rate case outcomes, and promulgate the sheet as the "Solar Block Cost."**

  (Sarah LK Lange CCOS Rebuttal Pages 4 – 5.)
- **Prior to expansion of the program or after 5 years of operation KCPL and GMO should file an evaluation of its solar subscription pilot rider covering the flowing topics:**

- **Tracking of program costs and revenues (participants, all ratepayers, company),**
- **Numbers and types of subscribers (by rate class and participation by low and moderate income customers),**
- **Annual surveys of participating customers covering (economic considerations and customer service),**
- **Impact or benefits of the facility on the utility distribution system, and**
- **Plans to site program expansion facilities in areas where distributed generation would benefit the electric utility's distribution system, such as areas where there is a potential to avoid or minimize distribution system investment.**

c. Standby Rider – Should the Commission order changes to each utility's Standby Rider tariff, as recommended by the Division of Energy?

No. The Standby Service Rider proposed by each utility should be implemented in this case. *(See surrebuttal of Claire M. Eubanks, P.E. page 4-7)*

VI. Indiana Model – Should the Commission order each utility's Demand Response Incentive Tariff be modified to incorporate the Indiana Model, as proposed by AEMA?

Staff, in its report filed in EW-2017-0245, previously recommended that each electric utility in Missouri propose a tariff similar to the Indiana Model. KCPL/GMO in testimony filed an example Market Based Demand Response program and expressed intent to file a proposed tariff in its MEEIA III case, at which time Staff would evaluate the tariff as part of a comprehensive MEEIA program. Staff's position is that the Company has complied with the Commission's May 4, 2018 Order Granting Motion For Supplemental Direct Testimony*. (See rebuttal testimony of Bradley Fortson, Pgs. 5-6.)*

VII. Third Party Charging Stations

a. Electric Vehicle Make Ready Model – Should the Commission modify each utility's line extension tariffs to subsidize installations of customer-owned separately metered charging equipment under specified circumstances?

To more fully effectuate the quoted provisions of the Commission's Report and Order in No. ER-2016-0285, sometimes referred to as the "make ready" model for installation of EV charging equipment, Staff recommends incorporating additional provisions into KCPL's existing line extension tariff provisions as generally provided in Staff's CCoS Report at pages 50-51. *(Staff CCoS Report Page 49-51.)*

b. EV Charging Separately Metered Rate – Should the Commission create an SGS subclass to facilitate time-differentiated separately-metered customer owned EV charging under specified circumstances?

For each utility, Staff recommends creation of an SGS subclass for customer owned separately metered EV charging facilities equipped to limit the demand exerted on the system. For such customers, Staff's recommended facilities charge is designed so that customers exerting less than 25kW of system demand pay less than the otherwise applicable customer charge. Participation in this schedule should be (1) required of customers receiving Distribution Extensions for EV Charging under Staff's recommended Make Ready provisions and (2) made available to any customer with separately-metered EV charging where the demand limitations are in place:

1. Summer Day Time: shall refer to the hours of 10:00 am through 6:00 pm on week days in summer billing months, except for holidays. Maximum Demand of 14 kWh.

2. Non-Winter Nighttime: shall refer to the hours of 10:00 pm through 6:00 am in months other than the calendar months of December, January, and February. Maximum Demand of 24.5 kWh.

3. Ordinary Time means all hours except those specified as Summer Day Time or Non-Winter Nighttime. Maximum Demand of 49.5 kWh.

On a revenue neutral basis, Staff recommends the following rates for separately-metered EV Charging at secondary voltage. Eliminating the facilities charge would simply revert the customer charge back to each utility's otherwise applicable SGS customer charge. These alternative rate structures are provided below:

	Corrected Direct			Alternative		
	GMO	KCPL		GMO	KCPL	
Base Customer Charge:	10.00	10.00	$/Month	23.91	19.08	$/Month
Facilities Charge:	0.5564	0.3632	$/kW	-	-	$/kW
On-Peak (as defined in Residential Tariff):	$ 0.09	$ 0.16	$/kWh	$ 0.09	$ 0.16	$/kWh
Off-Peak (as defined in Residential Tariff):	$ 0.08	$ 0.15	$/kWh	$ 0.08	$ 0.15	$/kWh

(*Sarah LK Lange Surrebuttal pages 54-55; Staff CCoS Report pages 52-53*.)

VIII. Distributed Energy Resources ("DERs") Data - Should the Companies' Net Metering Interconnection Agreement, Parallel Generation Contract Service (Cogeneration Purchase Schedule), and Standby Service Rider include language regarding maintaining and aggregating information related to customer generator systems?

Yes. The language proposed in Staff's Class Cost of Service report (*page 58-59*) **should be included in the applicable tariffs.**

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 18th day of September, 2018.

/s/ Mark Johnson