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Witness: Darrin R. Ives  
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Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2018-0145  
Date Testimony Prepared: January 30, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2018-0145**

**DIRECT TESTIMONY**

**OF**

**DARRIN R. IVES**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
January 2018**

*KCP&L* Exhibit No. 134  
Date 9-25-18 Reporter M  
File No. ER-2018-0145+0146

**DIRECT TESTIMONY**

**OF**

**DARRIN R. IVES**

**Case No. ER-2018-0145**

1 **Q: Please state your name and business address.**

2 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri  
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as  
6 Vice President – Regulatory Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L.

9 **Q: What are your responsibilities?**

10 A: My responsibilities include oversight of the Company’s Regulatory Affairs Department,  
11 as well as all aspects of regulatory activities including cost of service, rate design,  
12 revenue requirements, regulatory reporting and tariff administration.

13 **Q: Please describe your education, experience and employment history.**

14 A: I graduated from Kansas State University in 1992 with a Bachelor of Science in Business  
15 Administration with majors in Accounting and Marketing. I received my Master of  
16 Business Administration degree from the University of Missouri-Kansas City in 2001. I  
17 am a Certified Public Accountant. From 1992 to 1996, I performed audit services for the  
18 public accounting firm Coopers & Lybrand L.L.P. I was first employed by KCP&L in  
19 1996 and held positions of progressive responsibility in Accounting Services and was

1 named Assistant Controller in 2007. I served as Assistant Controller until I was named  
2 Senior Director – Regulatory Affairs in April 2011. I have held my current position as  
3 Vice President – Regulatory Affairs since August 2013.

4 **Q: Have you previously testified in a proceeding at the Missouri Public Service**  
5 **Commission (“MPSC” or “Commission”) or before any other utility regulatory**  
6 **agency?**

7 A: Yes, I have testified before the Commission and the Kansas Corporation Commission  
8 (“KCC”). I have also provided written testimony to the Federal Energy Regulatory  
9 Commission and testified before Missouri legislative committees.

10 **Q: What is the purpose of your testimony?**

11 A: The purpose of my testimony is to:

- 12 1) Provide the MPSC with an overview of KCP&L’s and GMO’s operations;
- 13 2) Provide an overview of the Company’s proposed rate increase including a description  
14 of the major drivers in the case;
- 15 3) Discuss the impact of the Tax Cuts and Jobs Act which was recently passed into law  
16 on the revenue requirement calculation in this case.
- 17 4) Discuss a number of Company initiatives in recent years, including its efforts to  
18 remain focused on customers and some of KCP&L’s ongoing initiatives and future  
19 expectations.

## 20 OVERVIEW OF KCP&L AND GMO

21 **Q: Please discuss KCP&L’s and GMO’s operations and history.**

22 A: KCP&L was originally founded in 1882 and is recognized as one of the Midwest’s most  
23 reliable and affordable energy suppliers. KCP&L is a wholly-owned subsidiary of Great

1 Plains Energy Incorporated (“GPE”), which are both headquartered in Kansas City,  
2 Missouri. GPE is a public utility holding company which also owns GMO, formerly  
3 Aquila, Inc. Additionally, GPE announced an Amended and Restated Agreement and  
4 Plan of Merger dated July 9, 2017 (“Amended Merger Agreement”) of Westar and GPE  
5 (“Applicants”) which reconstitutes the transaction presented in EM-2017-0226, et al.  
6 (“Initial Transaction”). Upon close of the transaction, GPE will cease to exist. Holdco,  
7 which will have a new yet-to-be-determined name, will be the new parent of Westar and  
8 its subsidiaries, and KCP&L, GMO and GPE’s other subsidiaries. The combined  
9 Company will initially be owned by the shareholders who are now Westar’s  
10 (approximately 52.5 percent) and GPE’s (approximately 47.5 percent) shareholders.  
11 Approval of the merger is expected to occur mid-year 2018.

12 Through its current regulated utility subsidiaries, GPE serves approximately  
13 860,000 customers in 46 counties in Missouri and eastern Kansas including  
14 approximately 758,100 residences, 100,000 commercial firms, and 2,600 industrials,  
15 municipalities and other electric utilities. KCP&L alone serves approximately 537,700  
16 customers, including approximately 475,100 residences, 60,700 commercial firms, and  
17 2,000 industrials, municipalities and other electric utilities. KCP&L’s electric service  
18 territory includes the Kansas City metropolitan area and surrounding cities.

19 KCP&L retail revenues – reflecting service provided to residences and businesses  
20 – averaged approximately 90 percent of its total operating revenues over the last three  
21 years. Wholesale firm power, bulk power sales and miscellaneous electric revenues  
22 accounted for the remainder of KCP&L’s revenues. Like most electric utilities, KCP&L

1 is significantly impacted by seasonality with approximately one-third of its retail  
2 revenues recorded in the third quarter.

3 To serve its customers, on a combined basis, KCP&L and GMO own  
4 approximately 4,000 mega-watts (“MW”) of base load generating capacity and  
5 approximately 2,500MW of peak load and wind generating capacity. This capacity is  
6 diversified with outright or joint ownership in six large coal-fired generating stations with  
7 a capacity share of almost 3,450MW, the Wolf Creek nuclear power generating station  
8 with capacity of approximately 550MW, approximately 2,350MW of natural gas- and  
9 oil-fired capacity, approximately 150MW of wind generating capacity located in  
10 Spearville, Kansas. KCP&L and GMO have approximately 1,240MW of wind  
11 generating capacity under contract located in Missouri and Kansas. KCP&L and GMO  
12 own or have contracted for other renewable capacity including hydro, solar and landfill  
13 gas totaling 65MW. In addition, GPE has contracted for an additional 444MW of wind  
14 generation expected to become operational by the end of 2018 or early 2019. In April  
15 2016, KCP&L retired its Montrose 1 generating unit from electric service.

16 On a combined basis, KCP&L and GMO operate and maintain approximately  
17 22,900 circuit miles of distribution lines and approximately 3,600 circuit miles of  
18 transmission lines to serve customers across their service territory. KCP&L’s share of  
19 lines is 12,200 miles of distribution lines and 1,800 miles of transmission lines.

20 KCP&L is one of the largest companies in the region, with just under 2,800  
21 employees, including more than 1,700 union employees. These employees are active in  
22 the communities we serve, fulfilling our guiding corporate principle of “Improving Life  
23 in the Communities We Serve.”

1 **PURPOSE AND REASON FOR THIS FILING**

2 **Q: What is the Company asking for in this case and why?**

3 A: This case is a request for authority to implement a general rate increase for electric  
4 service. While the Company raised rates June 8, 2017, in accordance with the  
5 Commission's order in Case No. ER-2016-0285 ("2016 Rate Case"), the Company  
6 continues to operate with a revenue deficiency. This case seeks to increase rates to  
7 recover new investments made since the 2016 Rate Case and investments currently in  
8 progress to complete before the true-up date in this case, reset cost of service based upon  
9 the test year for this case updated through the true-up requested in this case including the  
10 reflection of the impacts of the Tax Cuts and Jobs Act of 2017. The case is necessary to  
11 provide the Company a reasonable opportunity to earn its Commission-authorized return  
12 while timely providing the benefits of the federal tax cuts to customers.

13 Reflected in this case is the estimated impact of the Tax Cuts and Jobs Act of  
14 2017. KCP&L is committed to passing 100% of the benefit from this tax cut onto  
15 customers. The Tax Cuts and Jobs Act of 2017 became effective January 1, 2018.  
16 KCP&L will work with parties of this case to determine the actual impact of the tax cuts  
17 and reflect these changes in the final true-up of this case.

18 The Company has also been experiencing periods in which their average use per  
19 customer is flattening out or even declining. From 2000 to 2007, KCP&L's average use  
20 per customer was increasing on average 1.4%, 0.1% and 2.2% per year for residential,  
21 commercial and industrial sectors. Since 2012 the average use per total customer base  
22 has declined on average (0.9%) for the KCP&L MO jurisdiction. This makes it difficult  
23 for the Company to absorb any cost increases that are occurring in its cost of service.

1           In addition, the Company is requesting to continue KCP&L’s fuel adjustment  
2 clause (“FAC”) mechanism that is currently in place with some modifications discussed  
3 in more detail in the Direct Testimony of KCP&L witness Tim M. Rush.

4           Finally, the Company is making a number of rate design proposals including  
5 proposed pilot programs for the implementation of Time of Use (“TOU”) rates. The  
6 Company believes that taking a measured approach in order to analyze the impacts of  
7 TOU pilot programs is the appropriate step to take at this time. In addition, the proposed  
8 Solar Subscription Pilot Rider and Renewable Energy Rider provide customer choice to  
9 those customers who wish to participate more directly in renewable generation. The  
10 Company is also proposing revisions to its Standby tariff based on a Commission ordered  
11 review. Finally, the Company proposes an electric vehicle charging tariff so that it may  
12 charge a regulated charging rate and meet the needs, of electric vehicle users, which are a  
13 growing mobile segment of KCP&L’s customers.

14 **Q: Is there any request in this case related to GPE’s announcement of its agreement to**  
15 **merge with Westar Energy, Inc. (“Westar”)?**

16 **A:** As discussed previously, GPE announced an Amended and Restated Agreement and Plan  
17 of Merger dated July 9, 2017 between Westar and GPE. Efficiency savings associated  
18 with labor and benefit costs will be reflected in this case, as the Merger is anticipated to  
19 close prior to the proposed true-up date in this case. In anticipation of the proposed  
20 merger and the combining of the two companies, employee positions have been held  
21 open in order to meet the reduced headcount of the combined organization. This reduced  
22 headcount will be reflected in the results of this case which will provide efficiency  
23 savings resulting from the Merger immediately to customers in rates effective from this

1 rate case. As discussed in the Merger Application, the ability to deliver cost efficiencies  
2 is facilitated by the incurrence of transition costs. Consistent with the Merger  
3 Application, KCP&L is requesting the ability to defer transition costs incurred through  
4 the proposed true-up date in this case, and recover the deferred transition costs over four  
5 years. As included in the Merger Application, KCP&L will demonstrate that the cost  
6 efficiencies I just discussed exceed the requested recovery of the transition costs  
7 demonstrating benefits to KCP&L's customers. See additional discussion of Merger cost  
8 efficiencies and transition costs in the Direct Testimony of Ronald Klote.

#### 9 CASE OVERVIEW

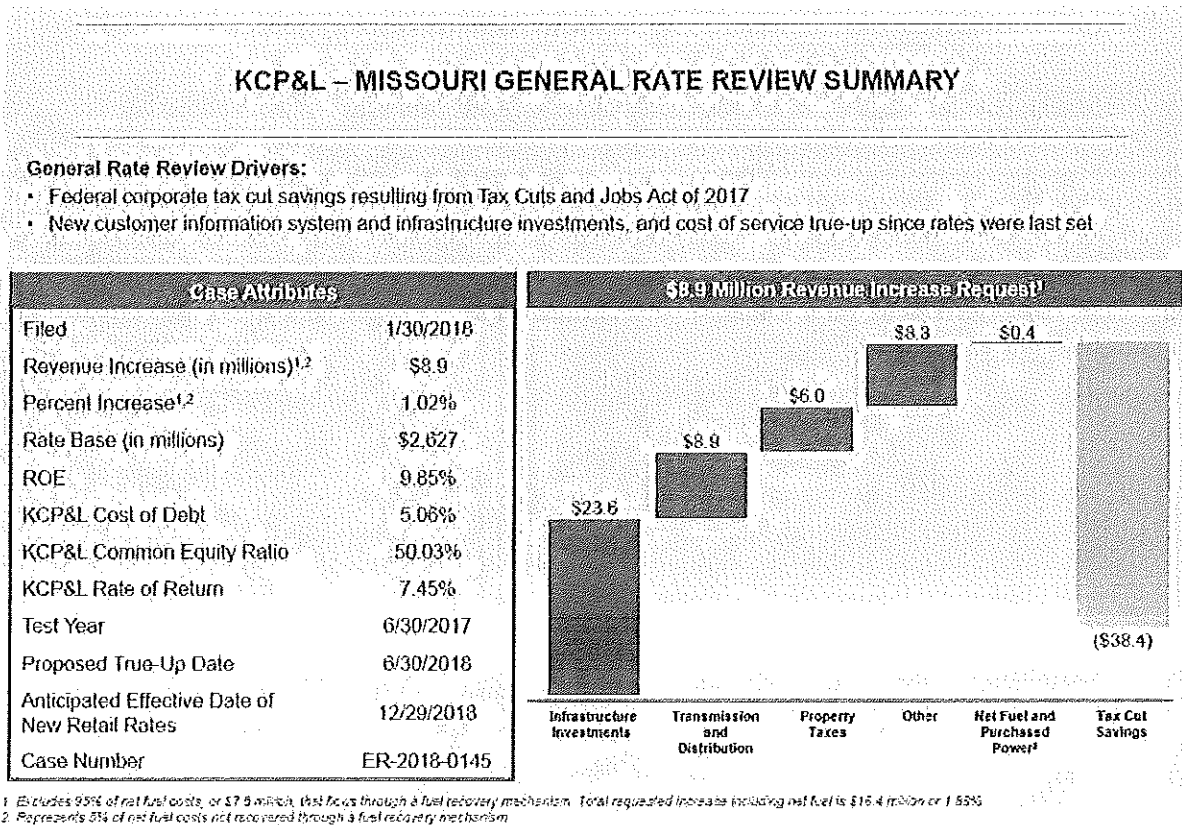
10 **Q: Please briefly summarize the Company's case.**

11 **A:** The Company is requesting an increase before impacts of the rebasing of fuel of \$8.9  
12 million or 1.02%. The Company's request for an aggregate annual increase including the  
13 rebasing of fuel for the FAC is \$16.4 million or 1.88%. These increases are based on a  
14 current Missouri jurisdictional base retail revenue of \$871.0 million. This revenue  
15 requirement calculation is also based on calculations which include the impacts of the  
16 Tax Cuts and Jobs Act of 2017 which was recently established into law. The estimated  
17 impact of the Tax Cuts and Jobs Act of 2017 reduced the revenue requirement request in  
18 this case by \$38.4 million.

19 The Commission has not yet provided guidance on the process of addressing  
20 revenue requirement impacts of the Tax Cuts and Jobs Act of 2017, although a working  
21 docket, AW-2018-0174 has been established to evaluate the impacts. KCP&L expects  
22 further guidance from that proceeding and will work with parties to fully address the Tax  
23 Cuts and Jobs Act of 2017 in the true-up of this proceeding.



1 The revenue requirement schedules are based on a historical test year of the  
 2 twelve months ending June 30, 2017, with known and measurable changes projected  
 3 through June 30, 2018. Below is a graphical depiction of the case, including case drivers,  
 4 significant elements of the case and other high level facts.



5  
 6 This summary of the requested increase clearly depicts the rate case drivers  
 7 associated with this request which include the additional infrastructure investments,  
 8 including the expected CIS project completion, since the 2016 case. In addition, the  
 9 Company continues to experience increases in state-assessed property taxes and increases  
 10 in regional transmission organization (“RTO”)-billed transmission costs that have a

1 significant impact on the earnings of the Company. In addition, the average use per  
2 customer has remained flat or decreased among customer classes in recent years.

3 Company witness Ronald A. Klote's Direct Testimony supports the cost of  
4 service and revenue requirement determination, which is included in his Schedules  
5 RAK-1 through RAK-3.

6 **Q: What is the effective date of the Company's proposed tariffs filed in this case?**

7 A: The tariffs bear an effective date of March 1, 2018. The Commission can suspend this  
8 filing up to an additional ten months beyond this effective date. This would place the  
9 expected effective date of new rates on or about December 29, 2018.

10 **Q: What is the return on equity ("ROE") KCP&L is requesting in this case?**

11 A: KCP&L is requesting an ROE of 9.85%. KCP&L witness Robert B. Hevert presents in  
12 his Direct Testimony his cost of capital study results and recommendations in support of  
13 an ROE range of 9.75-10.50%. Mr. Hevert's recommended ROE range and specific  
14 9.85% ROE recommendation reflect analytical results based on a proxy group of electric  
15 utilities, and takes into consideration the Company's risk profile, including the regulatory  
16 environment in which the Company operates and its generation portfolio.

17 **Q: What is the equity ratio in the capital structure KCP&L is requesting in this case?**

18 A: KCP&L is requesting a capital structure comprised of 50.033% common equity based on  
19 the projected KCP&L capital structure as of June 30, 2018. KCP&L witness Robert  
20 Hevert presents in his Direct Testimony his cost of capital study results and  
21 recommendations based on the Company's requested capital structure.

1 **Q: What is the cost of debt in the capital structure KCP&L is requesting in this case?**

2 A: The cost of debt in this case is 5.06%, which is 36 basis points less than the final ordered  
3 cost of debt percentage in KCP&L's last rate case and is addressed by KCP&L witness  
4 Robert Hevert in his Direct Testimony

5 **Q: With the cost of equity and capital structure described above, what is the resulting  
6 rate of return?**

7 A: The requested rate of return in this rate case is 7.45%.

8 **MAJOR CASE DRIVERS**

9 **Q: Please elaborate on the major drivers underlying KCP&L's proposed rate increase?**

10 A: There are four primary drivers underlying this rate increase request.

11 First, since the December 31, 2016, true up date in KCP&L's last general rate  
12 case, the Company has made infrastructure investments in its works and systems to  
13 ensure the reliability, security, and service customers require and expect. While  
14 electricity is still delivered via poles and wires much as it has been for decades, the  
15 service customers expect has become in large part a function of technology, requiring  
16 significant investments in both new systems and upgrades/maintenance of existing  
17 systems. The Company is investing in its systems to maintain high levels of customer  
18 service and reliability as evidenced by its current upgrade to the customer information  
19 and billing systems including system enhancements to be compliant with CIP/cyber and  
20 upgrades to its Meter Data Management systems. See the Direct Testimony of Company  
21 witnesses Charles Caisley and Forrest Archibald for more explanation on the customer  
22 service system enhancements.

1           Second, the Company continues to experience significant increases in  
2 transmission costs paid to RTOs, primarily SPP, year-over-year. SPP's regional  
3 transmission upgrade projects are being planned, constructed and billed to SPP members  
4 in order to expand and enhance the ability for the SPP transmission footprint. SPP's  
5 regional transmission plan provides for regional transmission expansion and a detailed  
6 list of projects in order to achieve the plan. As these projects are placed in service,  
7 KCP&L is paying its share of the costs of the expansion charged under SPP's FERC-  
8 approved tariff. KCP&L witness Ronald Klote discusses the Company's transmission  
9 expense request in his Direct Testimony.

10           Third, the Company is continuing to see increases in state assessed property taxes.  
11 Property taxes are determined by state assessors, are a significant component of the  
12 Company's cost of service and amounts assessed are beyond the control of the Company  
13 to manage. Since the 2016 Rate Case, property taxes have continued to increase, and are  
14 expected to continue to increase, from the amounts that were included in rates in that  
15 case. KCP&L witness Ronald Klote discusses the Company's property tax expense  
16 request in his Direct Testimony.

17           Fourth, KCP&L is experiencing flat to declining average use per customer since  
18 2012 whereas in years prior to 2008, KCP&L's average use per customer was increasing  
19 per year. This fundamental change in KCP&L's operating environment means that  
20 revenue growth can no longer be relied upon as a means of offsetting future cost  
21 increases and requires a re-evaluation of the manner in which KCP&L's rates are set.  
22 Please see the Direct Testimony of KCP&L witness Albert R. Bass, Jr. for more details  
23 on this issue.

1 As discussed later in my testimony, the estimated impact of the Tax Cuts and Jobs  
2 Act of 2017 has significantly decreased the revenue requirement calculated in this case.  
3 KCP&L believes that its customers should benefit from the reduction in corporate federal  
4 income tax rates. The Company expects to work with the parties to this case and fully  
5 reflect the impacts of this new law in rates set in this rate case proceeding. In early  
6 January 2018, KCP&L provided assurance that customers would experience the full  
7 benefits of this new tax law. The impact of this tax change will take several months to  
8 resolve, but, in determining how the tax reduction will impact rates, KCP&L is requesting  
9 that the Commission review and update all costs necessary to serve KCP&L's customers.

10 While making sure customers receive the benefit of the lower taxes, we want to  
11 emphasize that the four major case drivers of the rate increase in this case are significant  
12 examples of regulatory lag, which impedes KCP&L's ability to achieve its Commission  
13 authorized returns. Consistent with my testimony in the 2014 and 2016 Rate Cases,  
14 KCP&L continues to experience regulatory lag, particularly in its Missouri jurisdiction,  
15 in the areas of transmission and property tax expenses consistent with results over the last  
16 several years. From the period 2007 to 2016, the Compound Annual Growth Rate for  
17 transmission expense and property tax expense was 19.2% and 5.3%<sup>1</sup>, respectively.  
18 Significant growth in costs such as these create regulatory lag which prevents the  
19 Company from having a reasonable opportunity to earn its authorized return on equity.

#### 20 TAX CUTS AND JOBS ACT OF 2017

21 **Q: Please provide a brief history of the legislation.**

22 **A: On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act of 2017.**

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<sup>1</sup> Based on FERC Form 1 data from 2007 to 2016.

1 **Q: Please list the different components of the bill impacting the revenue requirement**  
2 **calculation.**

3 A: The reduction of the federal tax rate to 21% from 35% effective on January 1, 2018 is the  
4 primary component of the legislation which will impact the revenue requirement model.  
5 Yet, there will also be an amortization of excess deferred income taxes that will need to  
6 be reflected in the revenue requirement calculation.

7 **Q: Please explain how the revenue requirements model reflects the effects of Tax Cuts**  
8 **and Jobs Act.**

9 A: The revenue requirement model has been updated to include the reduction of the overall  
10 income tax rate (including state income taxes) used to compute income tax expense in  
11 cost of service from 38.39% to 25.45%. This results in a significant reduction in income  
12 tax expense. Secondly, the income tax expense has also been adjusted for an estimated  
13 amount of excess deferred income taxes amortized back to customers. This amortization  
14 represents a portion of the accumulated deferred income taxes previously recovered from  
15 customers but not yet paid to the Internal Revenue Service (“IRS”). Since these taxes  
16 will now not be paid to the IRS, they will be given back to customers over the appropriate  
17 time period. The estimated annual amount of excess deferred income taxes related to  
18 plant temporary differences has been computed using the normalization rules required by  
19 the Tax Cut and Jobs Act. Amortization of other excess deferred income taxes related to  
20 non-plant temporary differences has been computed using various periods depending on  
21 the item it relates to. Please see the testimony of KCP&L witness Ronald Klote for more  
22 details.

1 **Q: Please address the impact of the Tax Cuts and Jobs Act of 2017 from effective date**  
2 **of the law to the effective date of rates in this case.**

3 A: In its revenue requirement filing, the Company has reflected its estimate of the tax  
4 savings that customers will experience beginning with the rates effective date of this case.  
5 The reduction of the federal tax rate in 2018 to 21% and an estimate of the annual amount  
6 of amortization related to excess ADIT (included in certain other amortizations) created  
7 as a result of the legislation is included in the income tax expense calculation. In  
8 addition, KCP&L will work with parties of this case to determine the actual impact of the  
9 tax cuts beginning January 1, 2018 and reflect these changes in the final true-up of this  
10 case based on a review of all costs to serve customers.

11 **Q: Please provide an estimate of the impact of the Tax Cut and Jobs Act of 2017 on the**  
12 **revenue requirement model.**

13 A: The Tax Cut and Jobs Act of 2017 decreased our requested revenue increase by an  
14 estimated \$38.4 million.

#### 15 **RECENT KCP&L INITIATIVES**

16 **Q: Has KCP&L undertaken initiatives in recent years that demonstrate its focus on**  
17 **servicing customers?**

18 A: Yes. KCP&L has been, and remains, focused on meeting its customers' needs. KCP&L  
19 has implemented renewable energy resources and energy efficiency as well as  
20 maintaining a highly reliable system, in order to meet customers' needs in both the near-  
21 term and the long-term. KCP&L has made substantial progress on installation of  
22 Automated Meter Infrastructure ("AMI", also known as smart meter) technology. Also,  
23 more than 25 years ago KCP&L played a major role in the development of some of the

1 first commercially available automated capacitor controls. As the life expectancy of  
2 these controls neared, KCP&L sought out the most recent capacitor control technology to  
3 simplify operations and improve communications. The application of this capacitor  
4 automation technology is a proven approach to improve distribution system voltages and  
5 power factor, reducing generation demand while achieving significant energy savings and  
6 improving customer power quality.<sup>2</sup>

7 As I discussed earlier, the Company is currently implementing a new Customer  
8 Information System (“CIS”) which will provide a more robust customer experience with  
9 more self-service options and enhance the customer care and billing operations of the  
10 Company. See the testimony of Company witnesses Forrest Archibald and Charles  
11 Caisley for more explanation of the CIS implementation.

12 **Q: Has the Company continued to develop its renewable energy portfolio?**

13 A: Yes. In addition to the almost 1,900MW of renewable energy capacity owned or under  
14 contract by GPE and its operating utilities that was discussed earlier, KCP&L has paid  
15 out just slightly less than the Commission ordered \$36.5 million in solar rebates to  
16 eligible customers since the Solar Photovoltaic Rebate Program tariff was initiated in  
17 2010.

18 **Q: Please discuss KCP&L’s achievements in the area of energy efficiency.**

19 A: KCP&L has been engaged in demand side management (“DSM”) and energy efficiency  
20 initiatives on behalf of its customers since the implementation of the Comprehensive  
21 Energy Plan in 2005. In July 2014, KCP&L launched its Missouri Energy Efficiency  
22 Investment Act (“MEEIA”) DSM portfolio. In addition to energy efficiency expenditures

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<sup>2</sup> KCP&L Modernizes Capacitor Bank Controls, T&D World, January, 2018.



1 under the Comprehensive Energy Plan, through December 31, 2017, KCP&L spent \$84.4  
2 million with 365.1 million kWh in net energy savings and 118.2 MW of net demand  
3 reduction through its MEEIA Cycle 1 and Cycle 2 programs.

4 KCP&L is studying and proposing to implement Residential Time of Use  
5 (“TOU”) rates in Missouri. These include pilot programs for a Residential TOU; a  
6 Residential Demand Service and a Residential Demand Service Plus TOU.

7 In all jurisdictions KCP&L is working to offer pilot programs for a Renewable  
8 Energy Rider to C&I Customers and a Solar Subscription Pilot Rider available to all  
9 customers subject to terms of its proposed tariffs. Three other rate design initiatives  
10 include a Standby Tariff Rider (new in GMO and modified for KCP&L-MO), an EV  
11 Charging Tariff and LED Area Lighting Rates. Additionally, KCP&L is proposing a  
12 change in its line extension program tariff to address underutilized infrastructure.

13 **Q: Can you provide additional examples of how KCP&L maintains focus on meeting**  
14 **the needs of its customer base?**

15 **A:** Yes. Although all the things we do in this regard are too numerous to discuss  
16 comprehensively here, the following are examples:

- 17 • We continually monitor the reliability of our service via several metrics, including  
18 System Average Interruption Frequency Index (“SAIFI”), System Average  
19 Interruption Duration Index (“SAIDI”), and Customer Average Interruption Duration  
20 Index (“CAIDI”). SAIFI measures the average frequency of outages that customers  
21 on our system may experience in a year. We have several programs aimed at  
22 reducing the frequency of outages our customers experience including our vegetation  
23 and tree trimming program and our worst performing circuit program. CAIDI

1           measures the average duration of outages that impact customers. We study this  
2           metric to adjust staffing levels at our service centers seasonally and we incentivize  
3           certain workgroups based on the Company's performance in this metric. SAIDI is a  
4           measure that combines both frequency and duration for a 'total picture' view of our  
5           reliability. This metric and its trends are studied to determine how our reliability is  
6           performing over time as a company. It is also used to track storm impacts and helps  
7           the Company identify business processes that minimize the effect of outages on our  
8           customers.

- 9           • We also know that contact center performance is important to our customers and  
10          monitor that performance using statistics including Abandon Rate, Average Speed of  
11          Answer and Service Level (i.e., percentage of calls answered within 20 seconds).  
12          The Company's contact center has consistently provided quality service and  
13          performance over the past several years.

14   **Q:    Has the Company taken steps to assist its low-income customers?**

15   **A:**   The Company has continued its Economic Relief Pilot Program ("ERPP"). The ERPP is  
16          a credit that reduces electric bills for low-income customers. Low income customers can  
17          receive up to a sixty-five dollar (\$65.00) monthly credit. KCP&L will apply the monthly  
18          credit based on the average of the low income qualifying customer's last twelve monthly  
19          bills. The current total annual Commission approved funding is \$1,260,000, of which  
20          50% is being funded by shareholders and 50% funded by KCP&L's customers. This  
21          funding split was approved in KCP&L's last rate case. The Company is requesting  
22          continuation of its ERPP.

1 **Q: Does the Company participate in other programs designed to assist its low-income**  
2 **customers?**

3 A. Yes. The Company participates in Low-Income Weatherization Programs designed to  
4 assist low-income customers with weatherization of their homes. Additionally, the  
5 Company offers the Dollar-Aide Program, whereby customers may contribute on their  
6 bill to help low-income residents pay their heating, cooling and water bills. The  
7 Company also contributes to the Dollar-Aide Program. The Company also actively  
8 participates in community action programs, encourages volunteerism among its  
9 employees, and makes charitable contributions intended to benefit various segments of  
10 low-income and elderly customer groups.

11 **Q: Earlier in your testimony you mentioned GPE's pending acquisition of 100% of the**  
12 **stock of Westar Energy, Inc. Please describe the Company's commitment to**  
13 **maintain continued focus on customers both during the acquisition process and**  
14 **after it closes.**

15 A: Our employees understand that as a provider of electric service that is essential to modern  
16 life, KCP&L has a very specific responsibility upon which our customers depend. On  
17 behalf of all of the Company's employees, our management team takes that responsibility  
18 very seriously and continues to work hard to ensure that we maintain our focus on day-to-  
19 day operations through the merger approval and integration process.

20 **CONCLUSION**

21 **Q: Do you have concluding remarks for the Commission's consideration?**

22 A: Yes. In this case, the Company is asking for recovery of costs necessary to provide long-  
23 term, safe and reliable energy to the customers of KCP&L. Many of these costs are

1 federal and state-mandated and outside the control of the Company as well as costs  
2 incurred to continue to provide the quality of service that KCP&L's customers need and  
3 expect.

4 Importantly for customers, this rate case serves as the appropriate vehicle to  
5 provide the benefit of the Tax Cuts and Jobs Act of 2017 back to customers. Although  
6 there have been costs significantly increasing in some areas of the Company, the impact  
7 of the federal tax decreases has mitigated the impact of those increases in this rate  
8 request. KCP&L believes it is appropriate to provide these tax cut benefits back to  
9 customers through the rate case process.

10 **Q: Does that conclude your testimony?**

11 **A: Yes, it does.**

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

In the Matter of Kansas City Power & Light            )  
Company's Request for Authority to Implement        )  
A General Rate Increase for Electric Service        )     Case No. ER-2018-0145

**AFFIDAVIT OF DARRIN R. IVES**

STATE OF MISSOURI    )  
  ) ss  
COUNTY OF JACKSON )

Darrin R. Ives, being first duly sworn on his oath, states:


1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Vice President -- Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of nineteen ( 19 ) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Darrin R. Ives

Subscribed and sworn before me this 29<sup>th</sup> day of January 2018.

  
\_\_\_\_\_  
Notary Public

My commission expires: 4/26/2021

