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Sponsoring Party: KCP&L Greater Missouri Operations
Company
Case No.: ER-2018-0146
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2018-0146

DIRECT TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
January 2018**

KCP&L Exhibit No. 135
Date 9-25-18 Reporter JW
File No. ER-2018-0145+0146

DIRECT TESTIMONY

OF

DARRIN R. IVES

Case No. ER-2018-0146

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”) and serve as Vice
6 President – Regulatory Affairs for KCP&L and KCP&L Greater Missouri Operations
7 Company (“GMO” or “Company”).

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

9 A: I am testifying on behalf of KCP&L Greater Missouri Operations Company.

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

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

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

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

1 1996 and held positions of progressive responsibility in Accounting Services and was
2 named Assistant Controller in 2007. I served as Assistant Controller until I was named
3 Senior Director – Regulatory Affairs in April 2011. I have held my current position as
4 Vice President – Regulatory Affairs since August 2013.

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

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

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

12 A: The purpose of my testimony is to:

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

1 **OVERVIEW OF KCP&L AND GMO**

2 **Q: Please discuss KCP&L's and GMO's operations and history.**

3 A: KCP&L was originally founded in 1882 and is recognized as one of the Midwest's most
4 reliable and affordable energy suppliers. In 2008, Great Plains Energy, Inc. ("GPE")
5 acquired the Missouri jurisdictional utility operations of Aquila, Inc. in an acquisition
6 approved by the Commission and subsequently renamed the company as KCP&L Greater
7 Missouri Operations Company. KCP&L and GMO are wholly-owned subsidiaries of
8 GPE, a public utility holding company. Additionally, GPE announced an Amended and
9 Restated Agreement and Plan of Merger dated July 9, 2017 ("Amended Merger
10 Agreement") of Westar and GPE ("Applicants") which reconstitutes the transaction
11 presented in EM-2017-0226, et al. ("Initial Transaction"). Upon close of the transaction,
12 GPE will cease to exist. Holdco, which will have a new yet-to-be-determined name, will
13 be the new parent of Westar and its subsidiaries, and KCP&L, GMO and GPE's other
14 subsidiaries. The combined Company will initially be owned by the shareholders who
15 are now Westar's (approximately 52.5 percent) and GPE's (approximately 47.5 percent)
16 shareholders. Approval of the merger is expected to occur mid-year 2018.

17 Through its current regulated utility subsidiaries, GPE serves approximately
18 860,000 customers in 46 counties in Missouri and eastern Kansas including
19 approximately 758,100 residences, 100,000 commercial firms, and 2,600 industrials,
20 municipalities and other electric utilities. GMO alone serves approximately 322,800
21 customers, including approximately 283,000 residences, 39,300 commercial firms, and
22 560 industrials, municipalities and other electric utilities. GMO's electric service

1 territory includes numerous counties in central, western and northwestern Missouri,
2 including the cities of Lee's Summit, St. Joseph and Sedalia.

3 GMO's retail revenues – reflecting service provided to residences and businesses
4 – averaged approximately 94 percent of its total operating revenues over the last three
5 years. Wholesale firm power, bulk power sales and miscellaneous electric revenues
6 accounted for the remainder of GMO's revenues. Like most electric utilities, GMO is
7 significantly impacted by seasonality with approximately one-third of its retail revenues
8 recorded in the third quarter.

9 To serve its customers, on a combined basis, KCP&L and GMO own
10 approximately 4,000 mega-watts ("MW") of base load generating capacity and
11 approximately 2,500MW of peak load and wind generating capacity. This capacity is
12 diversified with outright or joint ownership in six large coal-fired generating stations with
13 a capacity share of almost 3,450MW, the Wolf Creek nuclear power generating station
14 with capacity of approximately 550MW, approximately 2,350MW of natural gas- and
15 oil-fired capacity and approximately 150MW of wind generating capacity located in
16 Spearville, Kansas. KCP&L and GMO have approximately 1,240MW of wind
17 generating capacity under contract located in Missouri and Kansas. KCP&L and GMO
18 own or have contracted for other renewable capacity including hydro, solar and landfill
19 gas totaling 65MW. In addition, the GPE has contracted for an additional 444 MW of
20 wind generation expected to become operational by the end of 2018 or early 2019. In
21 June 2017, GMO retired from electric service its Sibley 1 generating unit.

22 On a combined basis, KCP&L and GMO operate and maintain approximately
23 22,900 circuit miles of distribution lines and approximately 3,600 circuit miles of

1 transmission lines to serve customers across their service territory. GMO's share of lines
2 is 10,800 miles of distribution lines and 1,800 miles of transmission lines.

3 KCP&L employs all of the employees serving GMO and is one of the largest
4 companies in the region, with just under 2,800 employees, including more than 1,700
5 union employees. These employees are active in the communities we serve, fulfilling our
6 guiding corporate principle of "Improving Life in the Communities We Serve."

7 **PURPOSE AND REASON FOR THIS FILING**

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

9 **A:** This case is a request for authority to implement a general rate increase for electric
10 service inclusive of the rebase of costs under the Company's FAC. While the Company
11 last raised rates on February 22, 2017, in accordance with the Commission's order in
12 Case No. ER-2016-0156 ("2016 Rate Case"), the Company continues to operate in an
13 environment of increasing costs and is operating with a revenue deficiency. GMO is also
14 proposing in this case to return to GMO's customers the benefits from the Tax Cuts and
15 Jobs Act of 2017. One objective of this case is to seek recovery for new investments
16 made since the last case and for investments currently in progress to complete before the
17 true-up date in this case. The Company requests review of its cost of service based upon
18 the test year updated through the true-up date requested in this case including the
19 reflection of the impacts of the Tax Cuts and Jobs Act of 2017. This case is necessary to
20 provide the Company a reasonable opportunity to earn its Commission-authorized return
21 while timely providing the benefits of the federal tax cuts to customers.

22 Reflected in this case is the estimated impact of the Tax Cuts and Jobs Act of
23 2017. GMO is committed to passing 100% of the benefit from this tax cut onto

1 customers. The Tax Cuts and Jobs Act of 2017 became effective January 1, 2018. GMO
2 will work with parties of this case to determine the actual impact of the tax cuts and
3 reflect these changes in the final true-up of this case.

4 The Company has also been experiencing periods in which their average use per
5 customer is flattening out or even declining. From 2000 to 2007, GMO's average use per
6 customer was increasing on average 1.8%, 1.8% and 2.5% per year for residential,
7 commercial and industrial sectors. Since 2012 the average use per total customer base has
8 declined on average (0.4%) for the GMO jurisdiction. This makes it difficult for the
9 Company to absorb any cost increases that are occurring in its cost of service.

10 In addition, the Company is requesting to continue GMO's fuel adjustment clause
11 ("FAC") mechanism that is currently in place with some modifications discussed in more
12 detail in the Direct Testimony of GMO witness Tim M. Rush.

13 Finally, the Company is making a number of rate design proposals including
14 proposed pilot programs for the implementation of Time of Use ("TOU") rates. The
15 Company believes that taking a measured approach in order to analyze the impacts of
16 TOU pilot programs is the appropriate step to take at this time. In addition, the proposed
17 Solar Subscription Pilot Rider and Renewable Energy Rider provide customer choice to
18 those customers who wish to participate more directly in renewable generation. The
19 Company is also proposing revisions to its Standby tariff based on a Commission ordered
20 review. Finally, the Company proposes an electric vehicle charging tariff so that it may
21 charge a regulated charging rate and meet the needs of electric vehicle users, which are a
22 growing mobile segment of GMO's customers.

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

3 A: As discussed previously, GPE announced an Amended and Restated Agreement and Plan
4 of Merger dated July 9, 2017 between Westar and GPE. Efficiency savings associated
5 with labor and benefit costs will be reflected in this case, as the Merger is anticipated to
6 close prior to the proposed true-up date in this case. In anticipation of the proposed
7 merger and the combining of the two companies, employee positions have been held
8 open in order to meet the reduced headcount of the combined organization. This reduced
9 headcount will be reflected in the results of this case which will provide efficiency
10 savings resulting from the Merger immediately to customers in rates effective from this
11 rate case. As discussed in the Merger Application, the ability to deliver cost efficiencies
12 is facilitated by the incurrence of transition costs. Consistent with the Merger
13 Application, GMO is requesting the ability to defer transition costs incurred through the
14 proposed true-up date in this case, and recover the deferred transition costs over four
15 years. As included in the Merger Application, GMO will demonstrate that the cost
16 efficiencies I just discussed exceed the requested recovery of the transition costs
17 demonstrating benefits to GMO’s customers. See additional discussion of Merger cost
18 efficiencies and transition costs in the Direct Testimony of Ronald Klote.

19 **CASE OVERVIEW**

20 **Q: Please briefly summarize the Company’s case.**

21 A: The Company is requesting a rate decrease, before impacts of the rebasing of fuel, of \$2.4
22 million or 0.32%. The Company’s request for an aggregate annual increase including the
23 rebasing of fuel for the FAC is \$19.3 million or 2.61%. These changes are based on a

1 current Missouri jurisdictional base retail revenue of \$739.3 million. This revenue
2 requirement calculation is also based on calculations which include the impacts of the
3 Tax Cuts and Jobs Act of 2017 which was recently established into law. The estimated
4 impact of the Tax Cuts and Jobs Act of 2017 reduced the revenue requirement request in
5 this case by \$29.1 million.

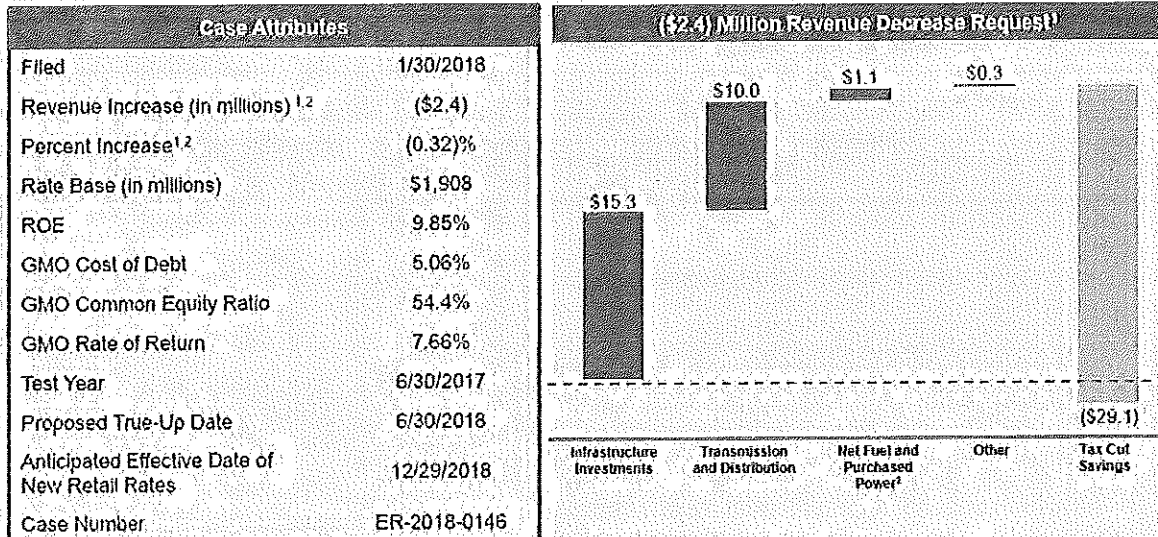
6 The Commission has not yet provided guidance on the process of addressing
7 revenue requirement impacts of the Tax Cuts and Jobs Act of 2017, although a working
8 docket, AW-2018-0174 has been established to evaluate the impacts. GMO expects
9 further guidance from that proceeding and will work with parties to fully address the Tax
10 Cuts and Jobs Act of 2017 in the true-up of this proceeding.

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

GMO GENERAL RATE REVIEW SUMMARY

General Rate Review Drivers:

- Federal corporate tax cut savings resulting from Tax Cuts and Jobs Act of 2017
- New customer information system and infrastructure investments, and cost of service true-up since rates were last set



¹ Excludes 95% of net fuel costs, or \$21.7 million, that flows through a fuel recovery mechanism. Total requested increase including net fuel is \$19.3 million or 2.61%
² Represents 3% of net fuel costs not recovered through a fuel recovery transaction.



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This summary of the rate request clearly depicts the rate case drivers associated with this request which include the additional infrastructure investments, including the expected CIS project completion, since the 2016 case. In addition, the Company continues to experience increases in regional transmission organization (“RTO”)-billed transmission costs that have a significant impact on the earnings of the Company. In addition, the average use per customer has remained flat or decreased among customer classes in recent years.

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

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

2 A: The tariffs bear an effective date of March 1, 2018. The Commission can suspend this

3 filing up to an additional ten months beyond this effective date. This would place the

4 expected effective date of new rates on or about December 29, 2018.

5 **Q: What is the return on equity ("ROE") GMO is requesting in this case?**

6 A: GMO is requesting an ROE of 9.85%. KCP&L witness Robert B. Hevert presents in his

7 Direct Testimony his cost of capital study results and recommendations in support of an

8 ROE range of 9.75-10.50%. Mr. Hevert's recommended ROE range and specific 9.85%

9 ROE recommendation reflect analytical results based on a proxy group of electric

10 utilities, and takes into consideration the Company's risk profile, including the regulatory

11 environment in which the Company operates and its generation portfolio.

12 **Q: What is the equity ratio in the capital structure GMO is requesting in this case?**

13 A: GMO is requesting a capital structure comprised of 54.40% common equity based on the

14 projected GMO capital structure as of June 30, 2018. GMO witness Robert Hevert

15 presents in his Direct Testimony his cost of capital study results and recommendations

16 based on the Company's requested capital structure.

17 **Q: What is the cost of debt in the capital structure GMO is requesting in this case?**

18 A: The cost of debt in this case is 5.06% and is addressed by GMO witness Robert Hevert in

19 his Direct Testimony

20 **Q: With the cost of equity and capital structure described above, what is the resulting**

21 **rate of return?**

22 A: The requested rate of return in this rate case is 7.66% .

1 **MAJOR CASE DRIVERS**

2 **Q: Please elaborate on the major drivers underlying GMO's proposed rate increase?**

3 A: There are three primary drivers underlying this rate increase request inclusive of the
4 rebase of costs under the FAC and the estimated impact of the Tax Cuts and Jobs Act of
5 2017.

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

18 Second, the Company continues to experience significant increases in
19 transmission costs paid to RTOs, primarily SPP, year-over-year. SPP's regional
20 transmission upgrade projects are being planned, constructed and billed to SPP members
21 in order to expand and enhance the ability for the SPP transmission footprint. SPP's
22 regional transmission plan provides for regional transmission expansion and a detailed
23 list of projects in order to achieve the plan. As these projects are placed in service, GMO

1 is paying its share of the costs of the expansion charged under SPP's FERC-approved
2 tariff. This is more fully addressed in the Direct Testimony of GMO witness Ronald
3 Klote.

4 Additionally, GMO is requesting recovery of a portion of the transmission
5 services to Crossroads generating plant. This is more fully addressed in the Direct
6 Testimony's of GMO witnesses Tim M. Rush and Burton Crawford.

7 Third, as discussed in more detail in the Direct Testimony of GMO witness Albert
8 R. Bass, Jr., GMO is experiencing flat to declining average use per customer since 2012
9 whereas in years prior to 2008, GMO's average use per customer was increasing per year.
10 This fundamental change in GMO's operating environment means that revenue growth
11 can no longer be relied upon as a means of offsetting future cost increases and requires a
12 re-evaluation of the manner in which GMO's rates are set

13 As discussed later in my testimony, the estimated impact of the Tax Cuts and Jobs
14 Act of 2017 has significantly decreased the revenue requirement calculated in this case.
15 GMO believes that its customers should benefit from the reduction in corporate federal
16 income tax rates. The Company expects to work with the parties to this case and fully
17 reflect the impacts of this new law in rates set in this rate case proceeding. In early
18 January 2018, the Company provided assurance that customers would experience the full
19 benefits of this new tax law. The impact of this tax change will take several months to
20 resolve, but, in determining how the tax reduction will impact rates, GMO is requesting that
21 the Commission review and update all costs necessary to serve GMO's customers.

22 While making sure customers receive the benefit of the lower taxes, I want to
23 emphasize that the three major case drivers of the rate increase in this case are significant
24 examples of regulatory lag, which impedes GMO's ability to achieve its Commission

1 authorized returns. Consistent with my testimony in the 2016 Rate Case, GMO continues
2 to experience regulatory lag in the area of transmission expenses consistent with results
3 over the last several years. From the period 2009 to 2016, the Compound Annual Growth
4 Rate for transmission expense was 10.1%¹. Significant growth in costs such as these
5 create regulatory lag which prevents the Company from having a reasonable opportunity
6 to earn its authorized return on equity.

7 TAX CUTS AND JOBS ACT OF 2017

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

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

10 **Q: Please list the different components of the bill impacting the revenue requirement**
11 **calculation.**

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

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

18 A: The revenue requirement model has been updated to include the reduction of the overall
19 income tax rate (including state income taxes) used to compute income tax expense in
20 cost of service from 38.39% to 25.45%. This results in a significant reduction in income
21 tax expense. Secondly, the income tax expense has also been adjusted for an estimated
22 amount of excess deferred income taxes amortized back to customers. This amortization

¹ Based on FERC Form 1 data from 2007 to 2016.

1 represents a portion of the accumulated deferred income taxes previously recovered from
2 customers but not yet paid to the Internal Revenue Service (“IRS”). Since these taxes
3 will now not be paid to the IRS, they will be given back to customers over the appropriate
4 time period. The estimated annual amount of excess deferred income taxes related to
5 plant temporary differences has been computed using the normalization rules required by
6 the Tax Cut and Jobs Act. Amortization of other excess deferred income taxes related to
7 non-plant temporary differences has been computed using various periods depending on
8 the item it relates to. Please see the testimony of GMO witness Ronald Klote for more
9 details.

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

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

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

22 A: The Tax Cut and Jobs Act of 2017 decreased our requested revenue increase by an
23 estimated \$29.1 million.

1 **RECENT GMO INITIATIVES**

2 **Q: Has GMO undertaken initiatives in recent years that demonstrate its focus on**
3 **servicing customers?**

4 A: Yes. GMO has been, and remains, focused on meeting its customers' needs. GMO has
5 implemented renewable energy resources and energy efficiency as well as maintaining a
6 highly reliable system, in order to meet customers' needs in both the near-term and the
7 long-term. GMO has installed Automated Meter Infrastructure ("AMI", also known as
8 smart meter) technology in its Kansas City metropolitan service areas. GMO has plans in
9 place for the installation of 140,000 units in its rural service areas. GMO is projecting to
10 have these installed by the end of 2019. In addition, the Company is currently
11 implementing a new Customer Information System ("CIS") which will provide a more
12 robust customer experience with more self-service options and enhance the customer care
13 and billing operations of the Company. See the testimony of Company witnesses Forrest
14 Archibald and Charles Caisley for more explanation of the CIS implementation.

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

16 A: Yes. In addition to the almost 1,900MW of renewable energy capacity owned or under
17 contract by GPE and its operating utilities that was discussed earlier, GMO has paid out
18 \$50 million in solar rebates to eligible customers since the Solar Photovoltaic Rebate
19 Program tariff was initiated in 2010.

20 **Q: Please discuss GMO's achievements in the area of energy efficiency.**

21 A: GMO has grown its DSM portfolio through its Missouri Energy Efficiency Investment
22 Act ("MEEIA") programs. Through December 31, 2017, GMO spent \$97.4 million with

1 367.3 million kWh in net energy savings and 139.6MW of net demand reduction through
2 its MEEIA Cycle 1 and Cycle 2.

3 GMO is studying and proposing to implement Residential Time of Use (“TOU”)
4 rates in Missouri. These include pilot programs for a Demand Rate, a TOU Energy Rate
5 and a TOU Energy and Demand Rate.

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

12 **Q: Can you provide additional examples of how GMO maintains focus on meeting the**
13 **needs of its customer base?**

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

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

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

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

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

14 **A:** The Company has continued its Economic Relief Pilot Program ("ERPP"). The ERPP is
15 a credit that reduces electric bills for low-income customers. Low income customers can
16 receive up to a sixty-five dollar (\$65.00) monthly credit. GMO will apply the monthly
17 credit based on the average of the low income qualifying customer's last twelve monthly
18 bills. The current total annual Commission approved funding is \$788,019, of which 50%
19 is being funded by shareholders and 50% funded by GMO's customers. The Company is
20 requesting 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, GMO 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 GMO. Many of these costs are federal

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

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

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

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

