Exhibit No.:	______________
Issue(s):	Rate Case Expense/ Management Expense Charges
Witness/Type of Exhibit:	Conner/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	ER-2018-0145

REBUTTAL TESTIMONY

OF

AMANDA C. CONNER

Submitted on Behalf of
the Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY

Case No. ER-2018-0145

July 27, 2018

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

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Amanda C. Conner, of lawful age and being first duly sworn, deposes and states:

1. My name is Amanda C. Conner. I am a Public Utility Accountant I for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal 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.

Amanda C. Conner

Amanda C. Conner
Public Utility Accountant I

Subscribed and sworn to me this 27th day of July 2018.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037

Jerene A. Buckman

Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

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OF

AMANDA C CONNER
KANSAS CITY POWER & LIGHT COMPANY

KCP&L GREATER MISSOURI OPERATIONS COMPANY

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CASE NO. ER-2018-0146

I. Introduction

Q. Please state your name and business address.

A. Amanda C. Conner, PO Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Amanda Conner who filed direct testimony in this case?

A. Yes.

Q. What is the purpose of this rebuttal testimony?

A. The purpose of this rebuttal testimony is to respond to the direct testimonies of Missouri Public Service Commission ("Staff") rate case expense and management expenses.

II. Rate Case Expense

Q. Did you review Mr. Majors' direct testimony on Staff's rate case expense adjustment?

A. Yes.

Q. Does OPC agree with Staff regarding a four-year normalization of rate case expense?

A. Yes. The number of years between rate cases is generally how rate case expense is estimated, in this case the Kansas City Power & Light Company ("KCPL"), KCP&L Greater Missouri Operations Company ("GMO") and Staff have chosen four years. Page 122, Line 28 of Staff's Class Cost of Service ("CCS") states that typically this expense is not "amortized" for ratemaking purposes and is not tracked against its actual over or under recovery. OPC agrees with Staff's explanation of why the normalization of rate case expense is more acceptable than amortizing it.

Q. What is Staff's current rate case expense calculation for KCPL and GMO?

A. As of Staff's COS, both KCPL and GMO have zero rate case expense recovery under the Staff and OPC recommended methodology.

Q. What is Staff's recommended methodology for recovering rate case expense?

A. Staff recommends the sharing methodology ordered by the Commission in both recent KCPL cases, Case Nos. ER-2014-0370 and ER-2016-0285.

Q. Does Staff's methodology consistent to OPC's direct testimony?

A. Yes.

Q. Why did Staff recommend KCPL and GMO receive zero recovery for rate case expense?

A. The sharing mechanism divides the amount of rate increase requested and the amount of rate increase allowed by the Commission. Staff has shown KCPL's gross revenue requirement to be between $(33,366,613) and $(16,559,014), and GMO's gross revenue requirement to be between $(45,228,589) and $(32,978,439). Because both companies' revenue requirements are negative, KCPL and GMO under the sharing methodology, recover nothing in rate case expense.

Q. Does OPC find a zero recovery of rate case expense for KCPL and GMO to be a fair recommendation?

A. Yes. Neither KCPL or GMO were required to file a rate case, the companies chose to request an increase from ratepayers. Had KCPL and GMO needed a rate increase, both companies could have recovered the full amount of rate case expense had the Commission allowed the total amount requested. Therefore, since Staff and OPC will show that not only do KCPL and GMO have no need for an increase, their rates are excessive. It is only fair that ratepayers not pay for KCPL and GMO's unwarranted rate increase requests. This cost should be borne by their owner who had ultimate authority over the decision to file a rate increase case when they needed was a rate reduction.

III. Management Expenses

Q. Does OPC take issue with Staff's income expense calculation?

A. Yes.

Q. What issue does OPC have in regards to income expense calculation?

A. Staff did not make an adjustment for imprudent and unreasonable management expenses.

Q. What is the amount of adjustment you are making?

A. As of this rebuttal testimony, the amount of management expenses removed for KCPL is $5,836,012, and the amount of management expenses removed from GMO is $2,516,438. The intent of removing this amount is to protect ratepayers from involuntarily reimbursing KCPL and GMO for inappropriate and excessive employee expense charges not needed to provide safe and adequate service to their customers. These charges include charges made for the Westar merger, several questionable "business meetings" at restaurants in the Kansas City, MO area, as well as other imprudent charges.

Q. Why does OPC take issue for charges made for the Westar merger?

A. In Case No. EM-2018-0012 In the Matter of the Application of Great Plains

Energy Incorporated for Approval of its Merger with Westar Energy, Inc. Stipulation and Agreement, item 9 on page for states as follows:

> 9. Transition Costs: Signatories shall support in KCP&L and GMO's 2018 rate cases filed on January 30, 2018, deferral of Merger transition costs of $7,209,208 for GMO and $9,725,592 for KCP&L's Missouri operations. Signatories will recommend recovery in the respective 2018 rate cases through amortization of such Merger transition costs for approval by the Commission over a 10-year period beginning when such costs have been included in Missouri base rates, with no carrying costs or rate base inclusion allowed for the unamortized portion of such costs at any time. Signatories agree that no other Merger transition costs shall be requested for recovery from Missouri customers in the 2018 rate cases or thereafter. This agreement regarding transition cost recovery is an additional limitation to Condition 19 in Exhibit A to the Stipulation and Agreement filed on January 12, 2018.[1]

Under the terms of the Stipulation and Agreement, neither KCPL nor GMO can request any additional recovery for its merger with Westar. Because of this, OPC has removed all management charges that OPC discovered relate to the merger. KCPL and GMO's failure to remove these costs and any other cost OPC has not discovered is a violation of the Stipulation and Agreement.

Q. Describe how you calculated the adjustment for KCPL and GMO.

A. I calculated a total amount of inappropriate and excessive charges from a sample of 13 Company officer employees for each month in the test year for this rate case. I divided this total amount by 13 to get an average excessive charge per management employee. I multiplied this average amount by KCPL and GMO's 1,045 management employees, and then allocated that amount to KCPL using an average of KCPL's corporate allocation factors (general allocator and Massachusetts formula). Based on its review of KCPL's

[1] Stipulation and Agreement in Case No. EM-2018-0012

officer expense reports OPC estimates that on average, the level of excessive charges per month is $741. Recognizing that officer employees are likely to incur more expenses than lower-level management employees, OPC assigned a $370 per month excessive charge for non-officer management employees. I took the total amount of excess expenses over the 18 months and gave a 40% reduction to that amount to get a fair adjustment amount. The allocation is on "Adjustment" in Schedule ACC-R-1.

Q. What does OPC consider management employees?

A. OPC considers all non-union workers, with the exception of independent contractors, as management employees.

Q. Where did OPC find the allocation factors?

A. The allocation factors are from the companies' response to Staff's data request 14. However, OPC sent its own data request to verify this allocation. As of this filing, no response has been received.

Q. Will OPC be updating its management expense adjustment?

A. Yes. Due to the volume of invoices, OPC is still analyzing management expenses and is waiting on responses from data requests in order to verify and update the data used in the adjustment.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

Amanda Conner
ER-2018-0145 & ER-2018-0146
Staff DR 0014 & Payroll Adjustment as of December 31, 2017

Total Number of Managers		**Excessive Amount**	**$115,578.33**	**Average Monthly Exess**	$9,631.53
2,709	Total	**# of Officers**	13	**# of Officers**	13
(1,664)	Union		**$8,890.64**		**$740.89**
1,045	Management				

1,045	Number of potential exense reports per month	1,045	Number of potential exense reports per month	1,045	Number of potential exense reports per month
$741	Avg Empoyee excess	$741	Avg Empoyee excess	$741	Avg Empoyee excess
$774,227	monthly total company excessive charged	$774,227	monthly total company excessive charged	$774,227	monthly total company excessive charged
18	months in analysis	18	months in analysis	18	months in analysis
$13,936,079	annual excessive charges	$13,936,079	annual excessive charges	$13,936,079	annual excessive charges
69.5%	KCPL allocation	0.6%	HLDCO allocation	29.8%	GMO allocation
$9,685,575	KCPL allocated excessive charges	$82,223	HLDCO allocated excessive charges	$4,152,952	GMO allocated excessive charges
		$41,111			

KCPL	**$9,726,686**	Manager		**GMO**	**$4,194,063**	Manager	
60.00%	$5,836,012		$370	60.00%	$2,516,438	$370	

Indirect Corporate Allocation Factors

	Jun-17	**Dec-17**
General Allocator		
HLDCO	0.59%	0.59%
GPTHC	0.05%	0.05%
PARNT	0.13%	0.13%
MPS Merchant	0.00%	0.00%
KLT	0.00%	0.00%
SOLAR	0.01%	0.01%
KCREC	0.50%	0.50%
GREC	0.24%	0.24%
GMO	30.86%	30.86%
KCPL	67.58%	67.58%
KCPL-NonReg	0.04%	0.04%
	100.00%	100.00%

Utility Massachusetts Formula		
KCPL	71.32%	71.32%
GMO	28.68%	28.68%
	100.00%	100.00%

2/29/2016