Exhibit No.:	
Issue(s):	*Rate Treatment of MEEIA Labor Costs*
Witness:	*Dana E. Eaves*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Surrebuttal Testimony*
Case No.:	*ER-2016-0285*
Date Testimony Prepared:	*January 27, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

ENERGY RESOURCES

SURREBUTTAL TESTIMONY

OF

DANA E. EAVES

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

Jefferson City, Missouri
January 2017

SURREBUTTAL TESTIMONY

OF

DANA E. EAVES

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

Q. Please state your name and business address.

A. My name is Dana E. Eaves, and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

Q. What is your present position at the Missouri Public Service Commission ("Commission")?

A. I am Utility Regulatory Auditor IV in the Energy Resources Department of the Commission Staff Division.

Q. Are you the same Dana E. Eaves that contributed to Staff's Revenue Requirement Cost of Service Report ("COS Report") filed on November 30, 2016?

A. Yes, I am.

Q. Please summarize the purpose of your surrebuttal testimony.

A. I discuss certain aspects of the rebuttal testimony of KCPL's witnesses Tim M. Rush and Ron Klote. Rush and Klote address Staff proposed treatment of MEEIA labor expense and Staff's desire to provide the Company cost recovery in permanent rates.

Q. Since the filing of Staff's COS Report has your position on this issue changed?

A. Yes. Staff is no longer proposing to include labor cost directly associated with KCPL's MEEIA programs in permanent rate calculation for this rate case.

Q. What factors influenced your decision to change your proposed recommendation related to the rate treatment of costs associated with MEEIA labor?

A. Mr. Klote provided in his rebuttal testimony the quantity of employees for whom it will seek cost recovery through its MEEIA Rider. KCPL is reporting it has included 12 full-time employees and 1 full-time position dedicated 50% to MEEIA, plus benefit loadings in the DSIM Rider for cost recovery. Mr. Rush states "The same people who are working on KCP&L MEEIA programs also work on GMO programs. There [sic] internal labor costs are assigned to each utility program based on what activities they are doing."[1] KCPL includes these employees on a full-time basis and allocates a portion of their time from KCPL to GMO for the administration of its approved energy efficiency programs. Since KCPL has defined the KCPL staff positions and associated labor costs it plans to recover through its DSIM Rider, KCPL has accounting methodologies in place that will provide a reasonable assurance that KCPL is correctly recovering its general and MEEIA labor costs.

Q. Was labor part of cost-effectiveness testing of KCPL's portfolio of energy efficiency programs?

A. Yes. Although it is not essential that labor is recovered through its MEEIA rider to maintain consistency with this initial modeling, recovery of labor in KCPL's MEEIA rider would improve the accuracy of future evaluation, measurement, &verification reviews.[2]

Q. Is there a process in place that would allow Staff to review the prudence and the level of labor costs outside of a general rate case?

[1] Rebuttal Testimony of Tim M. Rush, page 11, lines 3-5.

[2] 4 CSR 240-20.093(1)(V)

A. Yes. Staff is required to perform periodic prudence reviews,[3] and as mentioned earlier, KCPL has accounting methodologies in place that will provide a reasonable assurance through its accounting practices that general and MEEIA labor costs are recovered correctly for not only KCPL but GMO as well.

Q. Would there be a great deal of complexity in unwinding the accounting processes currently in place that address general and MEEIA labor costs?

A. Yes. As Mr. Rush describes in his rebuttal testimony,[4] to change accounting processes mid-stream could be troublesome and cumbersome.

Q. Does this conclude your surrebuttal testimony?

A. Yes.

[3] 4 CSR 240-20.093(10) Prudence Reviews. A prudence review of the costs subject to the DSIM shall be conducted no less frequently than at twenty-four (24)-month intervals.

[4] Tim M. Rush Rebuttal Testimony, page 6, lines 16-23 through page 7, lines 1-3.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	))))	Case No. ER-2016-0285

AFFIDAVIT OF DANA E. EAVES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW DANA E. EAVES and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Dana E. Eaves

DANA E. EAVES

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25th day of January, 2017.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434

Jessica Luebbert

Notary Public