Exhibit No.:	_____
Issue(s):	Sufficiency of Filing
Witness/Type of Exhibit:	Marke/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	EO-2014-0189

REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of
the Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY
AND
KCP&L GREATER MISSOURI OPERATIONS COMPANY

Case No. EO-2014-0189

June 19, 2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company's Application for Approval of Cost Allocation Manual	))))	File No. EO-2014-0189

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist 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 affidavit are true and correct to the best of my knowledge and belief.

Geoff Marke

Subscribed and sworn to me this 19th day of June 2014.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037

Jerene A. Buckman
Notary Public

My commission expires August 23, 2017.

REBUTTAL TESTIMONY

OF

Dr. GEOFF MARKE

KANSAS CITY POWER & LIGHT COMPANY

&

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. EO-2014-0189

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A. Dr. Geoff Marke, Economist, Office of the Public Counsel (OPC or Public Counsel), P.O. Box 2230, Jefferson City, Missouri 65102.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EMPLOYMENT BACKGROUND

A. I received a Bachelor of Arts Degree in English from The Citadel, a Masters of Arts Degree in English from The University of Missouri, St. Louis, and a Doctorate of Philosophy in Public Policy Analysis from Saint Louis University (SLU). At SLU, I served as a graduate assistant where I taught undergraduate and graduate course work in urban policy and public finance. I also conducted mixed-method research in transportation, economic development and emergency management.

I have been in my present position with OPC since April of 2014 where I have been responsible for economic analysis and policy research in electric utility operations. Prior to joining OPC, I was employed by the Missouri Public Service Commission as a Utility Policy Analyst II in the Energy Resource Analysis Section, Energy Unit, Utility Operations Department, Regulatory Review Division. My primary duties in that role involved

reviewing, analyzing and writing recommendations concerning electric utility resource planning, fuel adjustment clauses, and demand-side management programs. I have also been employed by the Missouri Department of Natural Resources (later transferred to the Department of Economic Development), Energy Division where I served as a Planner III and functioned as the lead policy analyst on electric cases. I have worked in the private sector, most notably serving as the Lead Researcher for Funston Advisory based out of Detroit, Michigan. My experience with Funston involved a variety of specialized consulting engagements with both private and public entities; additionally, I have provided analysis on independent compliance audits.

Q. HAVE YOU TESTIFIED PREVIOULSY BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION?

A. No, this is my first opportunity to submit written testimony.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. This testimony responds to the application for approval of a Cost Allocation Manual (CAM) by Great Plains Energy (GPE) doing business as both Kansas City Power & Light (KCPL) and Kansas City Power and Light Greater Missouri Operations Company (GMO) (collectively, the "Company").

Q. PLEASE SUMMARIZE YOUR PRIMARY POSITIONS AND CONCLUSIONS.

A. Public Counsel recommends that the Commission reject the Company's filed CAM application because it does not provide an appropriate level of assurance that the regulated utility will not provide a competitive advantage to its non-regulated operations and/or affiliated activities.

In addition to Staff's current investigation regarding the Company's affiliate transactions with Allconnect, Inc. in EO-2014-0306, Public Counsel has serious reservations about the interaction between the Company's regulated operations and a newly formed, non-regulated affiliate. Specifically, Public Counsel is concerned with the regulated entities' assignment of rebates and how they have operated this past year towards the agreed upon solar cap and whether those assignments violate the Missouri Public Service Commission's Affiliate Transaction Rules.

Both examples illustrate the increased complexity and diversification of the Company's portfolio of regulated and non-regulated entities as well as the apparent lack of appropriate oversight in its affiliate transaction operations. The proposed CAM is deficient primarily because it cannot provide the assurance that these affiliate transactions have been consistent with the Affiliate Transaction Rules.

Q. WHAT CHANGES TO THE PROPOSED CAM DOES OPC RECOMMEND?

A. Public Counsel makes the following recommendations to ensure the CAM provides appropriate oversight to meet the Commission's rules:

4 CSR 240-20.015 (2) (A): *A regulated electric corporation shall not provide a financial advantage to an affiliated entity. . . . It transfers information, assets, goods or services of any kind to an affiliated entity*

Public Counsel recommends that there should be sufficient and transparent internal controls included in the CAM to ensure that the unregulated affiliate is not given an undue advantage in information on assets, goods and services. Adequate controls can help to create a more competitive marketplace where unaffiliated firms are not disadvantaged by asymmetrical information.

4 CSR 240-20.015 (2) (D): *The regulated electrical corporation shall not participate in any affiliated transactions which are not in compliance with this rule, as otherwise provided in section (10) of this rule.*

Public Counsel believes the CAM should include a detailed decision-making process flow diagram (or decision-making tree) that illustrates how the Company determines whether or not they should (or legally can) be able to enter into certain markets given their unique structure.

4 CSR 240-20.015 (2) (E*): If a customer requests information from the regulated electrical corporation about goods or services provided by an affiliated entity, the regulated electrical corporation may provide information about its affiliated but must inform the customer that regulated services are not tied to the use of an affiliate provider and that other service providers may be available.*

Public Counsel is concerned that the sharing of the KCP&L brand across multiple regulated and non-regulated entities exacerbates the potential to confuse customers and inhibit full and fair competition. Therefore, Public Counsel believes the CAM should provide appropriate internal controls to prevent the potential for market advantages due to the asymmetrical transfer of information.

Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION?

A. Public Counsel recommends that the Commission reject the Company's filed CAM application. It is Public Counsel's understanding that Staff has a similar position and may be filing a proposed CAM in its rebuttal testimony. Public Counsel will respond to any such filing in surrebuttal testimony.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.