

Exhibit No.:
Issue: AMI Opt-Out
Witness: Julie Dragoo
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ER-2016-0156
Date Testimony Prepared: August 15, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0156

REBUTTAL TESTIMONY

OF

JULIE DRAGOO

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
August 2016**

REBUTTAL TESTIMONY

OF

JULIE DRAGOO

Case No. ER-2016-0156

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

2 A. My name is Julie Dragoo. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of KCP&L Greater Missouri Operations Company (“GMO”
6 or the “Company”).

7 **Q. Please state your educational background and describe your professional**
8 **training and experience.**

9 A. In 1997 I received a Bachelor of Science degree in Finance from Emporia State
10 University in Emporia, KS. That same year I started with Koch Industries in
11 Houston, TX working for Koch Gateway Pipeline managing gas transportation
12 contracts. In November of 1998 I joined Coast Energy Group selling natural gas
13 liquids. I eventually moved into a business analyst role to assist in implementing a
14 new Customer Management system for CEG. In October of 2000, I was hired by
15 Aquila, Inc. as a business analyst in the “E-business” department. I held a variety of
16 analyst positions implementing major customer facing projects such as outsourcing
17 bill print and the Interactive Voice Response system. I eventually moved into
18 Contact Center operations for Aquila in 2006. As a result of the acquisition of Aquila
19 by Great Plains Energy Incorporated (“GPE”), I began my employment with KCP&L
20 as Manager, Contact Center Operations, in July 2008. In 2009 I took on the role of

1 Manager, Meter Reading & Field Service. Since then, I have taken on additional
2 responsibilities and was named Director, Revenue Management in 2012. I have been
3 involved with the upgrade of the Companies' manual meter reading system, as well as
4 the implementation of Advanced Meter Infrastructure ("AMI") meters and system.

5 **Q. By whom and in what capacity have you been employed?**

6 A. I am employed by Kansas City Power & Light Company ("KCP&L") and serve as
7 Director, Revenue Management for KCP&L and GMO. I currently have
8 responsibility for customer service functions for the meter to cash processes for both
9 KCP&L and GMO.

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

11 A. The purpose of my testimony is to address the recommendation made by Staff
12 witness Jerry Scheible. Staff requests that GMO modify its tariff to create an opt-out
13 program related to "smart meters". This recommendation can be found in section *F.*
14 *Tariff Issues, 1. Advanced Meter Infrastructure ("AMI") Meter Installation of Staff's*
15 *Report.*

16 **Q. Please describe GMO's project to upgrade its manually read meters to AMI**
17 **meters.**

18 A. In October 2015, GMO began the process to replace the approximately 330,000
19 manually read meters with meters that can be read remotely, or automatically.
20 During this initial phase of the GMO project, approximately 56% (approximately
21 180,000) of the total GMO customer meters will be replaced by the fall of 2016.

22 **Q. What prompted the initiation of this project?**

23 A: There are many reasons this project made sense for our operations. AMI meters are
24 quickly becoming the standard for utilities and the KCP&L MO and KS territories

1 had completed a technology refresh to set the stage for a deployment of AMI meters
2 at GMO. Moving GMO to AMI was the logical next step after completing the AMI
3 upgrade in KCP&L. The infrastructure was in place and could be built upon to install
4 the next phase of meters. In addition to customer benefits discussed below, AMI
5 implementation results in operational efficiencies. The AMI meters not only eliminate
6 the need for monthly manual reading, but they help eliminate trips to the customer's
7 premise to obtain meter readings when a customer moves in/moves out of a premise,
8 and put current usage information at the fingertips of our front line contact center
9 employees to discuss with customers. These operational efficiencies allow GMO to
10 serve customers more efficiently and effectively. Customers will also benefit from
11 usage information that will be available to them in real time upon completion of our
12 new Customer Information System; the elimination of meter reader visits to their
13 property; reducing the opportunity for human error; and fewer estimated bills due to
14 an inability to manually read meters during weather events. In addition to those
15 items, GMO customers also now benefit from the meters communicating with our
16 Outage Management system for automatic notification of outages. This improves
17 response time for outages and restoration.

18 **Q. Mr. Scheible makes reference to “increased concern from the general public that**
19 **AMI meters may contribute to ill-health effects due to Radio Frequency (“RF”)**
20 **radiation. Additional concerns alleged by Staff include that AMI meters are a**
21 **potential venue for invasion of privacy, information sharing, and piracy of**
22 **information, as well as a potential threat for causing fires due to the meter itself**
23 **overheating. He also notes that both informal and formal complaints have been**
24 **filed with the PSC, in which electric utility customers request alternatives to**

1 **having an AMI meter installed at their residence, citing the concerns mentioned**
2 **above.” How would you respond to these observations made by Mr. Scheible?**

3 A. I would point out that the AMI meters being deployed by GMO are, for all practical
4 purposes, identical to the manually read meters that have been installed by GMO
5 since 2008. The manually read meters installed since 2008 are digital meters that do
6 not have the capability to communicate—they don’t have an RF module. The RF
7 technology deployed at GMO is similar to that of the technology used by KCP&L for
8 over 20 years. KCP&L’s legacy automated meter reading (“AMR”) system, Cellnet,
9 was only capable of receiving information from the meter (one-way). With the
10 installation of the new AMI meters, the Company can not only receive information
11 from the meter, but can also send information to the meter. In terms of RF, the
12 meters GMO is installing are virtually identical to those used by KCP&L for years
13 without the availability of an “opt-out” tariff. The FCC (Federal Communication
14 Commission) has approved these devices as with all other consumer electronic
15 devices (such as cordless phones) that transmit and receive RF. KCP&L’s experience
16 with these meters has not revealed any ill-health effects, breach of privacy, piracy, or
17 increased threat of fires. In short, the increased concern of the public referred to by
18 Mr. Scheible, simply has not proven to be the case.

19 **Q. Based on the KCP&L experience, would you expect GMO customers to benefit**
20 **from the installation of AMI meters?**

21 A. Yes, I would. Without AMI meters, the Company has no ability to readily detect a
22 customer’s service interruptions, absent a phone call from the customer. With AMI,
23 outage response and customer service can be improved with more real-time

1 information. Additionally, there are efficiencies in collecting billing information
2 through AMI meters that cannot be gleaned with manual meter reading.

3 **Q. What recommendation does Mr. Scheible make?**

4 A. Specifically, Mr. Scheible states, "...Staff recommends GMO modify its tariff to
5 create an opt-out program, which would include a provision to allow customers the
6 option of a manually read meter rather than an AMI meter. The cost associated with
7 any opt-out program should be cost based and borne by those customers that choose
8 to utilize the program."

9 **Q. What does Mr. Scheible base this recommendation on?**

10 A. The concerns cited above, and both informal and formal complaints filed with the
11 MPSC by electric customers requesting an alternative to an AMI meter.

12 **Q. How many formal complaints at either KCP&L MO or GMO have been filed
13 with the MPSC?**

14 A. One. KCP&L MO recently upgraded its AMR system to AMI, replacing
15 approximately 500,000 AMR meters with AMI meters, and did not have a single
16 formal complaint filed. GMO has currently replaced approximately 180,000
17 manually read meters with AMI meters and has one formal complaint pending with
18 the Commission.

19 **Q. How many informal complaints at either KCP&L MO or GMO are you aware
20 of?**

21 A. In terms of informal complaints with the MPSC that have resulted in calls to our
22 Customer Relations department, our records indicate at KCP&L MO, there was one
23 informal complaint in 2014, and three in 2015. At GMO there was one informal
24 complaint in 2015, and two through July 2016.

1 **Q. Do you believe these complaint numbers warrant an opt-out option?**

2 A. No, I do not. And this is especially true given the fact that KCP&L has used
3 automated metering equipment in Missouri (and Kansas) for approximately twenty
4 years without the availability of an “opt-out” tariff. While the creation of a tariff to
5 give customers the option to opt-out of AMI meters is a fairly simple task, the
6 processes and cost to support manual reading of a small subset of meters at locations
7 that will likely be spread out across the GMO service territory is anything but simple.

8 **Q. Please explain.**

9 A. In order to offer manual meter reading that would be necessary under an opt-out
10 option, the Company will need to continue to maintain essentially the same processes,
11 software, systems, and people it has in place today to manually read meters. This is
12 in addition to the processes, software, systems and people GMO is putting in place to
13 automate meter reading. Two main items include software and hardware/equipment
14 for manually reading meters as well as the people to complete the task. Our current
15 plan is to eliminate the need for a manual meter reading system at the completion of
16 our system wide AMI roll out in the 2020 time frame, as well as the employees whose
17 sole job duty is to read the meters. Not knowing what the volume of opt out
18 customers would be, it would be difficult to say how that work would be completed.
19 Costs associated with supervision, management and execution of daily manual meter
20 reads would need to be considered and a plan to read those exception meters would
21 need to mapped out. Because manual meter reading under an opt–out tariff would be
22 an exception process, it would, unfortunately, be ripe for error in addition to being
23 inefficient.

1 **Q. Logistically, what would be your view of an opt-out option given the mobility of**
2 **GMO’s customers? What would need to happen every time an opt-out customer**
3 **moved to another location?**

4 A. Most likely, when an opt-out customer moved, the customer would desire to opt-out
5 at the new address. This would require a meter exchange at both addresses. This
6 becomes a very manual and rare process that must be triggered by our Customer
7 Service Representatives (“CSR”s). Once the meters were exchanged, the
8 meter/billing system would need to be updated to reflect the change. The Company’s
9 CSRs would need to be vigilant in recognizing the need to issue service orders for the
10 meter exchanges, set up the opt-out billing at the new location, and remove it at the
11 old location. Manual meter reading routes would need to be updated to reflect the
12 changes which occurs in either the billing or metering group. Because these would
13 not be typical processes for a standard move in/move out, they would be more prone
14 to errors.

15 **Q. Mr. Scheible seems to base his recommendation at least in part on the idea that**
16 **because GMO will not be totally automated, it will need to keep the process and**
17 **resources in place to maintain a manual system. Does GMO plan to convert its**
18 **manual system to 100% AMI?**

19 A: Yes it does. The current plan anticipates GMO being fully automated in the 2020
20 time frame.

21 **Q. Mr. Scheible suggests the opt-out costs be borne by opt-out customers. Is that**
22 **feasible?**

23 A. Possibly, but not likely. It would depend entirely on how many customers opt-out
24 and where they were physically located. If you consider the possibility that one

1 customer chooses to opt-out, there is no way that one customer could bear the cost of
2 maintaining a completely separate system for manual meter reading. Even if 100
3 customers opt-out, if they are spread out all over the service area, it is unlikely they
4 could bear the costs. The Company has not spent time mapping out a process or the
5 specific costs involved in such a program, therefore it is difficult to speculate how
6 those costs could be absorbed specifically by the opt-out customers. In my opinion, it
7 is highly unlikely that opt-out customers could bear the costs, which means every
8 other customer will be subsidizing this option.

9 **Q. Is Mr. Scheible aware of any documented proof that any negative health effects**
10 **or privacy or fire risk concerns have been validated?**

11 A No, he states he is not aware of any such documentation, and Staff is generally not
12 opposed to the installation of AMI meters. He goes on to say “Staff understands the
13 benefits of AMI meters and realizes that an opt-out program is counter-productive to
14 the benefits.”

15 **Q. Do you believe an opt-out program is counter-productive to the benefits GMO is**
16 **seeking to achieve for all of its customers?**

17 A. Yes, I do. Requiring an opt out option will lead to inefficient processes, underutilized
18 systems and people, and additional costs that would not be necessary with a fully
19 automated meter reading system. While we have not done a complete cost analysis
20 on an opt-out program, the tariff recommendation of a \$10/month meter reading fee is
21 too low. This is based purely on the known costs of a Field Service Professional to
22 perform a “Customer Trip” such as a reconnect after disconnection. The Company’s
23 approved Reconnection Charge is \$25, and does not include costs that would be
24 incurred with an opt-out for software, hardware, and systems support.

1 Q. **Does this conclude your testimony?**

2 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations)
Company's Request for Authority to Implement) Case No. ER-2016-0156
A General Rate Increase for Electric Service)

AFFIDAVIT OF JULIE DRAGOO


STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Julie Dragoo, being first duly sworn on his oath, states:

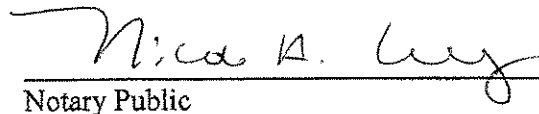
1. My name is Julie Dragoo. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Revenue Management.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of nine (9) 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.


Julie Dragoo

Subscribed and sworn before me this 15th day of August, 2016.


Notary Public

My commission expires: Feb. 4, 2019

