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Witness: Natelle Dietrich
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Case Nos.: ER-2018-0145 and
ER-2018-0146
Date Testimony Prepared: July 6, 2018

MISSOURI PUBLIC SERVICE COMMISSION
COMMISSION STAFF DIVISION

DIRECT TESTIMONY
OF
NATELLE DIETRICH

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2018-0145
and
KCP&L GREATER MISSOURI OPERATIONS
CASE NO. ER-2018-0146

Jefferson City, Missouri
July, 2018

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1 **DIRECT TESTIMONY**

2 **OF**

3 **NATELLE DIETRICH**

4 **KANSAS CITY POWER & LIGHT COMPANY**
5 **CASE NO. ER-2018-0145**

6 **and**

7 **KCP&L GREATER MISSOURI OPERATIONS**
8 **CASE NO. ER-2018-0146**

9 Q. Please state your name and business address.

10 A. My name is Natelle Dietrich. My business address is 200 Madison Street,
11 Jefferson City, Missouri 65101.

12 Q. By whom are you employed and in what capacity?

13 A. I am employed by the Missouri Public Service Commission ("Commission")
14 as Commission Staff Director.

15 Q. Have you previously provided your educational background and work
16 experience in these cases?

17 A. Yes. My educational background and work experience is included in my
18 Direct Testimony filed in these cases with Staff's Direct Cost of Service Report on
19 June 19, 2018.

20 Q. What is the purpose of your testimony?

21 A. The purpose of my testimony is to sponsor Staff's recommended rate design
22 as developed by Staff and described in the Report on Class Cost of Service and Rate Design
23 ("CCOS Report") filed concurrently with this direct testimony.

1 **CLASS COST OF SERVICE REPORT**

2 Q. What is Staff’s rate design recommendation for Kansas City Power & Light
3 (“KCPL”) in this case?

4 A. For KCPL, Staff found that all classes are contributing revenues at or near
5 their cost of service, and contributing to the company’s overall return. In its Cost of Service
6 Report, Staff’s revenue requirement, after adjustment for the federal Tax Cuts and Jobs Act
7 of 2017 (“TCJA”) is <\$19,076,751>.¹ If the Commission orders an overall revenue decrease
8 of approximately \$19 million, Staff recommends a revenue neutral shift in revenue
9 responsibility from the Small General Service (“SGS”) class in the amount of \$7.5 million,
10 and a shift from the Medium General Service (“MGS”) class in the amount of \$2 million, to
11 be spread equally among the remaining classes.

12 If the Commission orders a decrease of less than \$18 million but more than
13 \$10 million, Staff recommends a revenue neutral shift in revenue responsibility from the
14 SGS class of \$6 million and from the MGS class of \$1 million, to be spread equally among
15 the remaining classes.

16 If the Commission orders a decrease of less than \$10 million, Staff recommends that
17 the first \$5 million of the decrease be applied to the SGS class, and any remaining decrease
18 be applied as an equal percentage to the remaining classes.

19 If there is no change in revenue requirement, or if there is an increase in revenue
20 requirement, Staff recommends no revenue neutral shifts.

21 Staff’s residential customer charge calculation resulted in a residential customer
22 charge of \$12.82. KCPL’s current residential customer charge is \$12.62.

¹ A “<bracketed number>” represents a negative amount.

1 Q. What is Staff's rate design recommendation for KCP&L Greater Missouri
2 Operations ("GMO") in this case?

3 A. Staff's revenue requirement for GMO, after adjustment for the TCJA, is
4 <\$34,812,142>. In the absence of the information necessary to conduct a reliable CCOS,
5 Staff does not recommend any deliberate interclass revenue-neutral shifts to revenue
6 responsibility for GMO. Staff performed a preliminary GMO CCOS for purposes of
7 developing a residential customer charge recommendation. Based on that preliminary
8 CCOS, Staff's residential customer charge calculation resulted in a residential customer
9 charge of \$12.38. GMO's current residential customer charge is \$10.43.

10 Q. Does Staff address other noteworthy items in its CCOS Report?

11 A. Yes. Staff recommends the implementation of mandatory company-wide
12 Time of Use ("ToU") rates for all residential customers with AMI meters. Although Staff's
13 overall revenue requirement results in a decrease in rates for KCPL and GMO, Staff
14 recommends movement to the full CCOS calculated customer charges for KCPL and GMO,
15 as explained above, which will further mitigate the customer impacts of residential ToU
16 rates. Staff anticipates working with KCPL and GMO and other stakeholders to refine the
17 ToU design during the rate case process, and to facilitate customer education on the
18 fundamental changes to the residential rate structure prior to the effective dates of tariffs
19 implementing the rates resulting from this case.

20 Staff further recommends:

- 21 • Revisions to KCPL's and GMO's Economic Development Rider tariffs;
- 22 • KCPL and GMO offer, for each jurisdiction, a community solar program;
- 23 • KCPL and GMO each offer independent green tariff programs;

- 1 • Incorporation of a “make ready” electric vehicle (“EV”) charging
2 modification to each company’s line extension tariff provisions consistent
3 with prior Commission orders;
- 4 • KCPL and GMO establish ToU rate schedules applicable to
5 separately-metered EV charging equipment;
- 6 • Modifications to KCPL’s and GMO’s FAC tariffs; and,
- 7 • KCPL and GMO maintain information related to distributed energy
8 resources.

9 **CLASS COST OF SERVICE STUDY**

10 Q. Did Staff perform a Class Cost of Service (“CCOS”) study in this case?

11 A. For KCPL, yes. As part of GMO’s last rate case, Case No. ER-2016-0156,
12 GMO comprehensively modified its rate structures and designs applicable to all customer
13 classes. This resulted in rate switching and changes in relevant billing determinants.
14 Because GMO is unable to provide 12 months of data for the modified classes and rate
15 structures, Staff determined the information necessary to produce a reasonably reliable
16 CCOS study for GMO is not available for this case.²

17 Generally speaking and specific to KCPL, Staff’s CCOS study is designed to
18 determine what rate of return is produced by each customer class on that class’s currently
19 tariffed rates, for recovery of any newly determined revenue requirement amount.
20 Typically, Staff’s recommended interclass revenue responsibility shifts, as applicable, are

² Staff has performed a preliminary GMO CCOS study for purposes of developing a residential customer charge recommendation. While not reasonably reliable for purposes of determining the reasonableness of revenue recovery related to class-allocated cost causation among the classes, this study is not unreliable for purposes of estimating the costs to be recovered through the residential customer charge. The cost elements allocated for calculating the costs related to the residential customer charge are generally not reliant on class-level hourly load data and non-residential rate configurations.

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1 | designed to reasonably bring each class closer to producing the system-average rate of return
2 | used in determining Staff's recommended revenue requirement.

3 | Q. Does this conclude your testimony?

4 | A. Yes.

