

Exhibit No.:

Issue(s):

Case Overview/
Regulatory Policy/
Customer Experience/
Historical & Projected Customer Usage/
Rate Design/
Low-Income Programs
Marke/Rebuttal
Public Counsel
ER-2016-0156

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of
The Office of the Public Counsel

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Case No. ER-2016-0156

**

**

Denotes Highly Confidential Information that has been Redacted

August 15, 2016

NP

**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 a General Rate Increase for Electric Service))
Case No. ER-2016-0156

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 testimony are true and correct to the best of my knowledge and belief.




Geoff Marke

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



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



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.

TABLE OF CONTENTS

Testimony	Page
Introduction	1
Case Overview/Regulatory Policy	3
Edison Electric Institute Data	3
Energy Burden and the Consumer Price Index	7
Customer Experience	11
GMO Rate Case Consolidation	21
Community Involvement	23
Historical & Projected Customer Usage	26
Rate Design & MEEIA	30
Low-Income Programs	35
Existing Income-Eligible Pilot	35
Proposed Income-Eligible Pilot	36

REBUTTAL TESTIMONY

OF

GEOFF MARKE

KCP&L—GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2016-0156

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 A. Geoffrey Marke, PhD, Economist, Office of the Public Counsel (“OPC or “Public Counsel”),
4 P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Dr. Marke that filed direct testimony in ER-2016-0156?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of this testimony is to respond to direct testimony regarding:

- 9
- 10 • Case Overview/Regulatory Policy
 - 11 ○ KCP&L—Greater Missouri Operations Company (“GMO”) witness Darrin R. Ives.
 - 12 • Customer Experience
 - 13 ○ GMO witness Charles A. Caisley.
 - 14 • Energy Usage
 - 15 ○ GMO witness Albert R. Bass, Jr.
 - 16 • Rate Design
 - 17 ○ GMO witness Bradley D. Lutz and Missouri Public Service Commission Staff
18 (“Staff”) witnesses Robin Kliethermes and Sarah L. Kliethermes
 - 19 • Low-Income Programs
 - 20 ○ GMO witness Brad Lutz; and
 - 21 ○ Staff witnesses Kory Boustead and Sarah L. Kliethermes

1 **Q. Please state OPC's position.**

2 A. OPC disagrees with the policy narrative presented by GMO witnesses Ives and Caisley
3 regarding GMO's customer experience. OPC also disagrees with GMO witness Bass's
4 conclusions regarding projected energy demand and opposes Mr. Bass's MEEIA adjustments
5 to the revenue requirement.

6 The Company's proposed rate design will greatly diminish the benefits of MEEIA Cycle I
7 and is particularly unfair to its commercial and industrial customers, who will experience
8 even greater increases in their MEEIA surcharges moving forward. OPC is opposed to the
9 overall influx of fixed cost recovery increases in existing charges (e.g., customer charge) as
10 well as the newly proposed recovery of revenues primarily from a customer's non-coincident
11 peak in the demand and facilities charges for the newly consolidated customer classes. This
12 concern is maximized in light of MEEIA Cycle I's emphasis on energy (not demand)
13 savings, and the Company's continued insistence on flat and declining block rates. These rate
14 design changes would result in customers that have participated in energy efficiency
15 programs not experiencing the payback they based their energy efficiency investments
16 decisions on. In short, GMO is shifting risk to ratepayers, collecting performance incentive
17 bonuses for actions that will not materialize and requesting a 9.9 ROE for its efforts.

18 OPC conditionally supports both Staff and the Company's proposed recommendations for
19 GMO's Economic Relief Pilot Project ("ERPP") but, as of the filing, OPC is currently
20 opposing Staff's proposed low-income customer charge pilot program.

1 **II. CASE OVERVIEW/REGULATORY POLICY**

2 **Edison Electric Institute (“EEI”) Data**

3 **Q. What is the EEI’s Typical Bill and Average Rates Report?**

4 A. It is a bi-annual survey by state and utility of net monthly electric bills and average revenue
5 (or cost to the customer) per kilowatt hour. In his testimony, Mr. Ives cites the Summer of
6 2015 version of the report that utilized reported surveys on rates in effect July 1, 2015 and on
7 the average revenue data from the twelve months ended July 1, 2015.

8 The report serves as a general guidepost for what ratepayers pay for electricity across the
9 country. However, OPC cautions the Commission against drawing any strong conclusions
10 from the EEI numbers. The EEI report is based on answers from utilities with extremely
11 diverse and dynamic regulatory climates, and an even greater diversity of customer classes
12 and characteristics. The report represents a snapshot in time that makes generalizations across
13 an extremely diverse range of actors. It is far from a complete or truly accurate picture of
14 what consumers actually pay. In terms of electric rates, Figure 1 lists just a few of the many
15 potential variables that can alter a given utility customer “typical bill” or “average rate”
16 within a class:

17 Figure 1: List of variables that can influence results in EEI report:

- Vertically Integrated or Deregulated
- Fuel Adjustment Charge
- Renewable Energy Standard
- Energy Efficiency Standard
- Member of an RTO
- Decoupling Mechanism
- Formula Rates
- Performance Based Rates
- Special Contracts
- Economic Development Rates
- Low-Income Rates
- Cap-and-Trade Market
- Weather
- Economy
- Size and Number of Customers
- Usage Characteristics of Customers
- Reporting Errors
- Survey Response Timing
- Revisions
- Etc...

1 **Q. How did Mr. Ives present the information?**

2 A. Mr. Ives provided a short narrative describing the steadily increasing rates of GMO
3 customers from 2008 to present compared to both regional and national scores. He then
4 provides a table labeled “2015 Average Cents per kWh” with various Missouri investor-
5 owned utilities (IOUs), regional and national averages across different customer classes.
6 That table is reprinted in Table 1.

7 Table 1: Reprint of Ives EEI 2015 Average Cents per kWh

2015 Average Cents per kWh ¹				
<u>Utility</u>	<u>Total Retail</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
KCPL - MO	9.07	11.35	8.65	6.53
AmerenUE - MO	8.12	10.26	7.85	5.43
KCP&L GMO - MPS	9.82	11.61	8.87	6.61
KCP&L GMO - SJL&P	9.31	11.12	9.38	7.11
EDE - MO	11.04	12.43	10.95	8.32
→ Average of 5 Utilities	9.47	11.35	9.14	6.80
Regional Avg.	8.73	11.21	8.84	6.21
National Avg.	10.75	12.87	10.94	7.13

8

9 Mr. Ives then concludes that:

10 Despite continued cost pressures, as outlined previously and continued
11 declines in average use . . . GMO rates are not outliers when compared to the
12 national and regional averages.¹

13 **Q. Does the information he presented accurately depict what is in the EEI Report?**

14 A. In part. Mr. Ives added a category, “Average of 5 utilities,” which is emphasized in Table 1.
15 This is an unweighted average that does not attempt to control for size differences of
16 customer accounts across Missouri’s IOUs). The EEI Report contains no such category.

¹ ER-2016-0156 Direct Testimony of Darrin R. Ives. P. 16, 1-5.

1 Instead the EEI Report provides a category titled “Average for Missouri” representing a
 2 weighted customer average of the Missouri IOU’s. Mr. Ives deleted that category in his
 3 testimony. Both the deleted EEI numbers and the added Ives numbers are listed in Table 2
 4 below.

5 Table 2: Weighted Average Rates in EEI and Unweighted Average Rates in Ives Direct

Utility	Total Retail	Residential	Commercial	Industrial
DELETED “Average for Missouri” EEI (weighted)	8.69	10.08	8.34	5.93
ADDED “Average of 5 Utilities” Ives Direct (unweighted)	9.47	11.35	9.14	6.80

6 **Q. What is the result of Mr. Ives changes?**

7 A. It distorts how much more money GMO ratepayers in both the St. Joseph Power and Light
 8 (“L&P”) and the Missouri Public Service (“MPS”) territories are paying when compared to
 9 the average Missouri ratepayer. This can be seen in Table 3 and 4 below.

10 Table 3: Unweighted and Weighted Missouri Average against L&P Average

Source	Total Retail	Residential	Commercial	Industrial
Ives Direct (unweighted)	9.47 to 9.31 -1.69%	11.35 to 11.12 -2.03%	9.14 to 9.38 +2.63%	6.80 to 7.11 +4.56%
EEI Report (weighted)	8.69 to 9.31 +7.13%	10.08 to 11.12 +10.31%	8.34 to 9.38 +12.47%	5.93 to 7.11 +19.90%

11
 12 Looking at Table 3, this impacts Mr. Ives’ conclusion of what GMO’s customers are
 13 paying in comparison to peer utilities. For example, according to Ives’s calculations, L&P
 14 residential customers are paying 2% less than the Missouri average. On the other hand, the
 15 EEI report shows that those same ratepayers are, in fact, paying 10% more. Similar

1 distortions exist across classes for GMO's L&P territory above and can also be seen in
2 GMO's MPS territory as well in Table 4 below.

3 Table 4: Unweighted and Weighted Missouri Average against MPS Average

Source	Total Retail	Residential	Commercial	Industrial
Ives Direct (unweighted)	9.47 to 9.82 +3.70%	11.35 to 11.61 +2.30%	9.14 to 8.87 -2.95%	6.80 to 6.61 -2.80%
EEI Report (weighted)	8.69 to 9.82 +13.00%	10.08 to 11.61 +15.18	8.34 to 8.87 +6.35%	5.93 to 6.61 +11.47

4 Based on the tables above, Mr. Ives would have the Commission believe that GMO MPS
5 residential is only paying 2% more on average compared to other Missouri IOUs.
6 Whereas EEI's report shows these customers are paying 15% more on average.

7 **Q. What is the result in Mr. Ives use of an unweighted format?**

8 A. The end result of these distorted revisions is to present a far more favorable narrative about
9 the Company's "cost control efforts" than the EEI report shows.

10 To be clear, OPC cautions the Commission from drawing firm conclusions from the EEI
11 report to begin with. There are far too many variables to consider and account for when
12 comparing the rates for utilities across the country and especially across customer classes.
13 While the EEI report is a reasonable resource, it has obvious limitations, and accordingly,
14 should be only used as a general guidepost. At best, the EEI report represents a snapshot in
15 time at a 50,000 foot level of a very dynamic and diverse landscape that is immediately
16 inaccurate upon its release date.

17 Moreover, the EEI report is neither entirely transparent over its methodology nor easily
18 accessible to the general public.² Additionally, it is not unusual for EEI to have multiple,

² See GM-R1.

1 different versions of a report circulate as new information is obtained or incorrect
2 calculations are discovered.³ The lack of transparency, inconsistencies in circulated versions
3 and overall challenges in capturing such a complex issue should severely limit the use of this
4 document for any purpose when setting just and reasonable rates. Perhaps more importantly,
5 the potential harm in presenting the report as an accurate depiction of a Company's
6 "average" price ranking far outweighs any positive contribution it might otherwise add.
7 Given these concerns, OPC would support the discontinued use of this and future versions of
8 this report from all stakeholders in future rate cases.

9 **Energy Burden and the Consumer Price Index**

10 **Q. Later in Mr. Ives testimony he suggests that the average GMO MPS residential**
11 **household only spends 3% of their income on electricity. Do you agree?**

12 A. No. Mr. Ives posits that if a residential household earns \$40,000 in annual income, it will
13 spend about 3% on electricity (assuming a monthly bill of \$106.83). This calculation is
14 misleading because fails to account for the estimated tax burden a \$40,000 household would
15 experience in Kansas City, MO. If all potential taxes are taken into account, an average
16 electricity usage household with two wage earners and a \$40,000 annual income in Kansas
17 City, MO. would spend approximately 4.5% of their income on electricity and 4.8% if
18 single.⁴ As an aside, it is important to note the energy burden on all households will increase
19 this upcoming year regardless of whether or not GMO is awarded a rate increase due to the
20 expected MEEIA surcharge increase. Figure 2 provides a breakdown of the estimated tax
21 burden of the "average" household Mr. Ives presented in his direct testimony.

³ See GM-R2.

⁴ Assumes an after-tax income of \$28,734 (married) and \$26,575 (single) see Figure 2 and footnote 5.

1 Figure 2: Estimated Tax Burden of \$40,000 annual income married household in Kansas City, MO.⁵

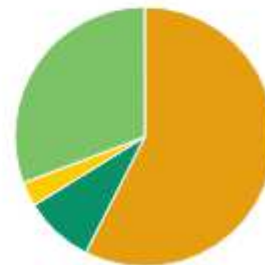
Your Income Taxes

Tax Type	Marginal Tax Rate	Effective Tax Rate	Tax Amount
Federal	15.00%	4.92%	\$1,968
FICA	7.65%	7.65%	\$3,060
State	6.00%	2.62%	\$1,049
Local	1.00%	1.00%	\$400
Total Income Taxes			\$6,477
Income After Taxes			\$33,523

Your Tax Breakdown

Income Tax	\$6,477
Sales Tax	\$980
Fuel Tax	\$341
Property Tax	\$3,468
Total Estimated Tax Burden	\$11,266

Total Estimated Tax Burden
\$11,266



Percent of income to taxes = 21%

2

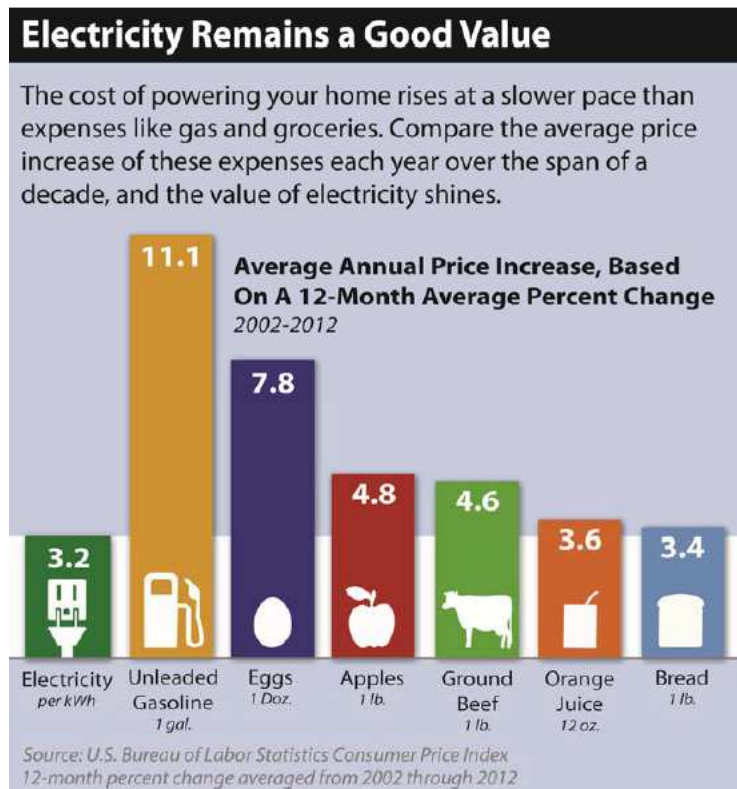
3 **Q. Mr. Ives also states that on a national level, energy rates have risen at a slower pace**
4 **than other common everyday necessities. Do you agree?**

5 **A.** In part. The graphic Mr. Ives produces (and reprinted in Figure 3) shows price comparisons
6 that are four years old (annual average increases from 2002 to 2012) that also omit other
7 items listed in the Consumer Price Index (“CPI”) Average Price Data website. Additionally,

⁵ Federal Income Tax Calculator (2016). Smartasset.com (Filing Status: married)
<https://smartasset.com/taxes/income-taxes#jIId27mnGt> (Filing status: single) <https://smartasset.com/taxes/income-taxes#d3px9NwDSg>

1 electricity is placed on the far left of the graph next to unleaded gasoline to heighten the
2 percent change difference.

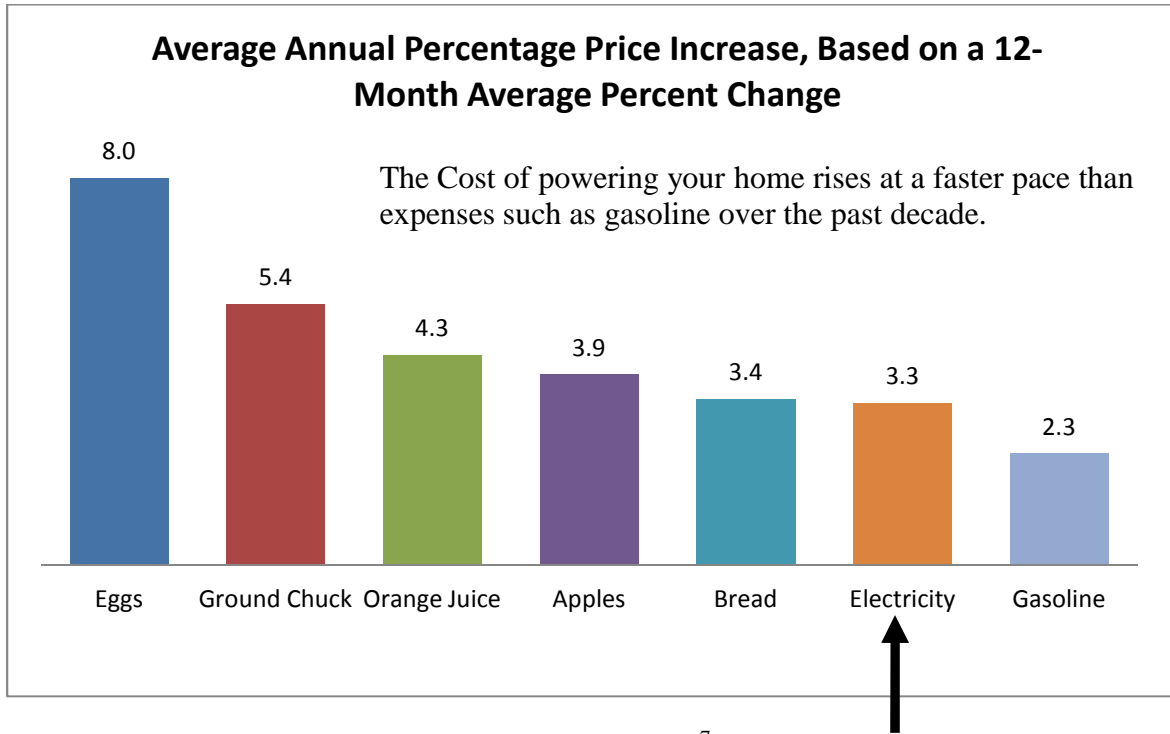
3 Figure 3: Reprint of Ives “Value of Electricity” Graph, 2002 - 2012



4
5 Figure 4 provides more current results of the U.S. Bureau of Labor Statistics CPI 12-month
6 percent change averaged from 2005 through 2015. Figure 5 includes items excluded from
7 Mr. Ives’s chart but included in the CPI data set but also including electricity.

1

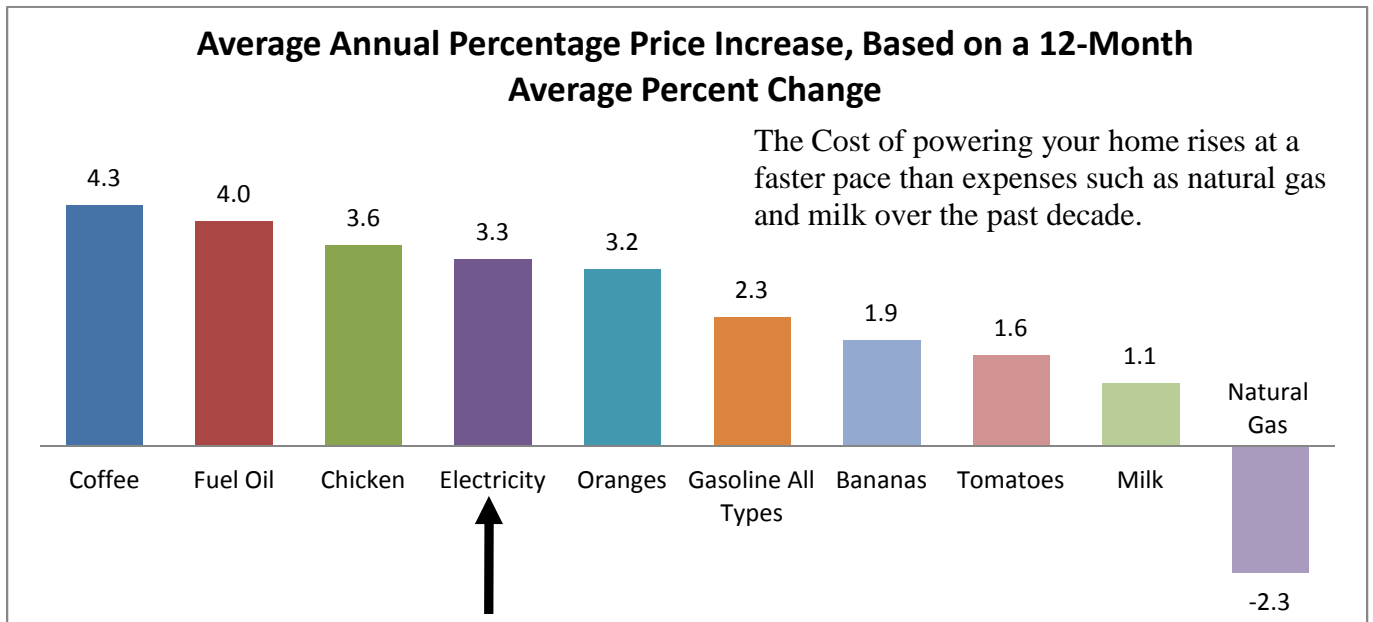
Figure 4: Updated “Value of Electricity” Graph, 2005 - 2015⁶



2

3

Figure 5: Electricity compared to other CPI items 2005 – 2015⁷



4

⁶ U.S. Bureau of Labor Statistics Consumer Price Index (2016) <http://data.bls.gov/cgi-bin/surveymost?ap>

⁷ Ibid.

1 **Q. What are some of OPC’s concerns regarding the points raised in Mr. Ives testimony?**

2 A. The foremost concern is the general narrative that GMOs residential households are “fine”
3 and not paying too much for electricity relative to other utilities in Missouri. A secondary
4 concern is how Mr. Ives has presented a more favorable picture of the financial burden of
5 electricity costs on GMO customer’s households based on selective annual income and on
6 dated Consumer Price Index information.

7 **II. CUSTOMER EXPERIENCE**

8 **Q. Initially, what should the Commission consider when reading Mr. Caisley’s testimony?**

9 A. It is important to bear in mind that Mr. Caisley’s testimony does not differentiate between
10 KCPL-MO, KCPL-KS and GMO L&P and MPS service territories—it is simply “KCPL”
11 across the board. It is not clear at any point in his testimony what “KCPL” means or if the
12 Commission is expected to believe that price and regulatory differentials between service
13 territories are inconsequential for customer experience purposes. As a result, it is difficult to
14 draw any meaningful conclusions from the testimony about the GMO customer’s experience.
15 Please note, unless otherwise stated, to avoid confusion, I will be referring to GMO primarily
16 as “the Company” in this section of my testimony.

17 **Q. Please summarize Mr. Caisley’s testimony.**

18 A. Mr. Caisley provides a generalized description of the Company’s approach to collecting and
19 utilizing customer demographic data from third-party and in-house consumer analytic
20 surveys. He then provides the following Q & A with two conclusions for the Commission to
21 consider:

22 Q. What does the research KCP&L conducts or participates in tell you about
23 KCP&L’s residential customer experience?

24 A. At a high level, it says that KCP&L has a solid residential customer
25 experience that marginally exceeds our peers in Missouri and
26 regionally (Schedule CAC-1, page 13). . . . Despite higher raw scores in

1 nearly all areas of the JDP residential customer satisfaction index, **our**
2 **rank has fallen relative to peer utilities in the last couple of years.**⁸

3 To summarize, the Company's paid consultants (Wilson Perkins Allen Opinion Research)
4 found "marginally" better residential customer perception results when they compared the
5 Company to other Missouri utilities. However, this was not true for the JD Power survey
6 which cast the Company as consistently below its peer utilities the last couple of years.

7 **Q. Did Mr. Caisley provide any reasons why residential customer satisfaction has fallen in**
8 **the JD Power Survey?**

9 A. Yes. Mr. Caisley provides two specific reasons:

10 We believe that there are a number of drivers behind our drop relative to
11 other utilities. **Chief among them is a higher number of rate cases in**
12 **recent years**, more than almost all of our regional peers, as well as **spending**
13 **significantly less on advertising** the KCP&L brand relative to other utilities
14 in our peer group. (emphasis added)⁹

15 To be clear, GMO has not filed a rate case since 2012. In fact, according to KCPL witness
16 Darrin Ives:

17 It should be noted that the timing of this case filing is a requirement under
18 the 4 CSR 240-20.090(6)(A) of the Commission's rules and regulations
19 governing GMO's FAC for the MPS and L&P service territories. The FAC
20 rules and regulations require the filing of a general rate case every four years.
21 This filing is in compliance with the four-year requirement.¹⁰

22 Furthermore, Mr. Caisley provides no context, comparisons, or budgets to substantiate that
23 GMO has spent significantly less on advertising than other utilities. Nor is there any support
24 for Mr. Caisley's inference that increasing a utility's advertising budget is strongly correlated

⁸ ER-2016-0156 Direct Testimony of Charles A. Caisley p. 13, 6-9 & 17-18.

⁹ Ibid. p. 13, 21-23 to p. 14, 1.

¹⁰ ER-2016-0156 Direct Testimony of Darrin R. Ives. p. 4, 15-19.

1 with prudent customer satisfaction induced results. Mr. Caisley’s conclusions are without
2 merit.

3 **Q. Mr. Caisley’s testimony refers to “Moments of Truth.” What is that?**

4 A. According to Mr. Caisley:

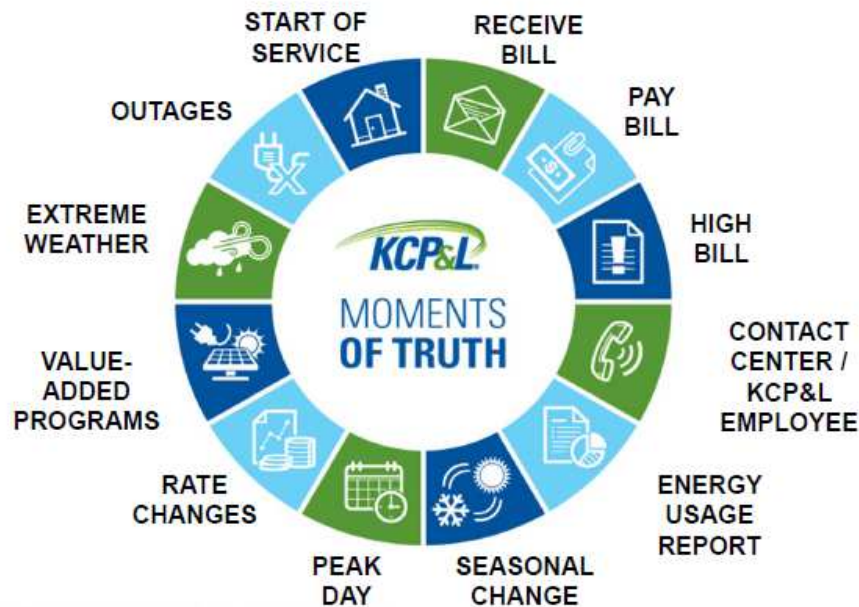
5 These are simply the most important moments in customer service for our
6 customers.¹¹

7 Figure 6 reprints the 12 specific “Moments of Truth” found in Schedule CAC-1.

8 Figure 6: KCPL’s Moments of Truth

Focused Improvements in Customer Service

KCP&L is focused on improving customer interactions in the areas and at the times that matter most to customers. Through a focus on improving our digital platform and innovative customer programs, we work to excel at serving our customers when they need us the most.



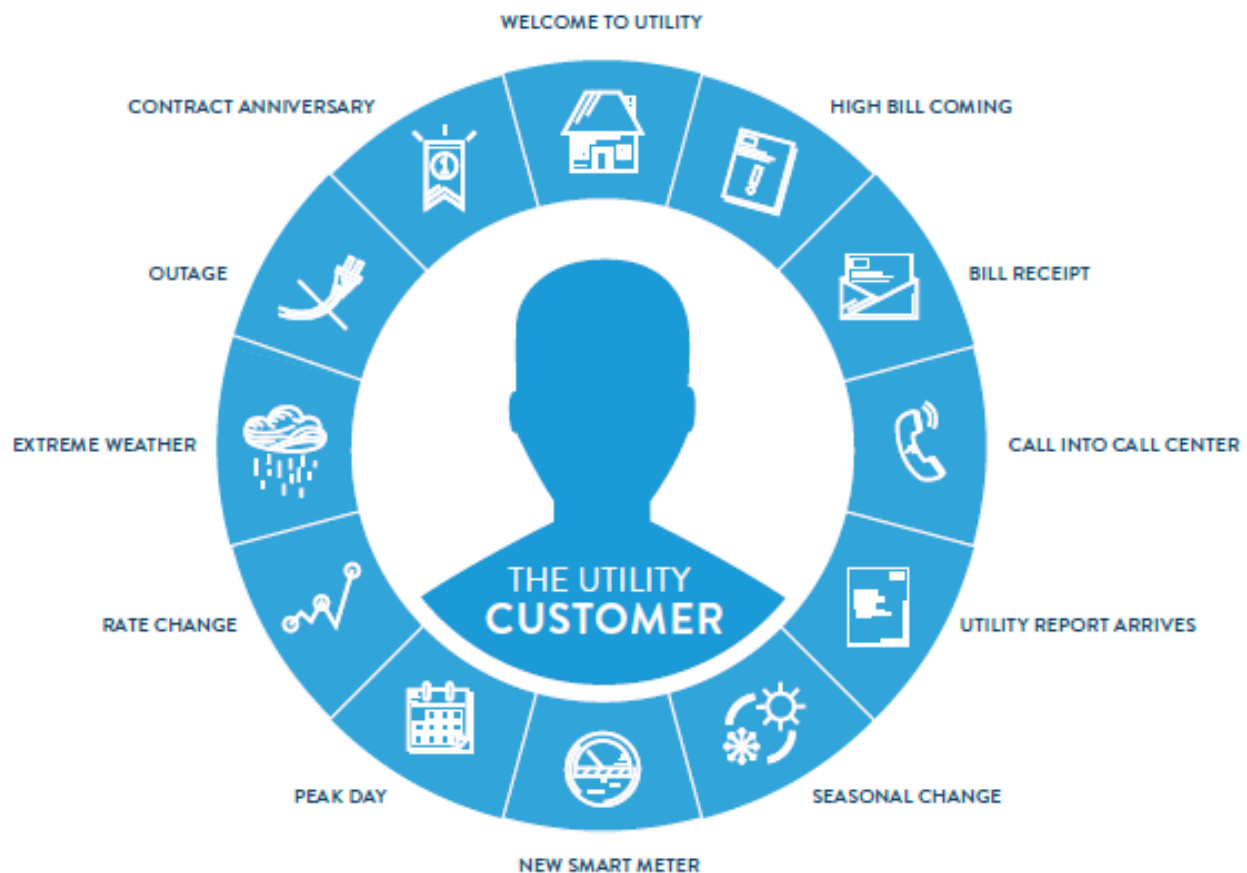
9
10
11

¹¹ ER-2016-0156 Direct Testimony of Charles A. Caisley p. 7, 19-20.

1 **Q. Have other utilities approached customer satisfaction in this manner?**

2 A. Yes. A cursory Internet search revealed a 2015 whitepaper from OPower (a third-party
3 customer engagement platform for utilities) titled “Moments that Matter: A customer-centric
4 approach to experience management” which includes the following graphic found in Figure
5 7.

6 Figure 7: OPower’s Moments that Matter¹²



7
8 The paper cites nine utilities that were consulted for the paper. Neither GMO’s holding
9 Company Great Plains Energy (“GPE”) nor any of its affiliates are listed suggesting that
10 GMO’s customer experience philosophy, if driven by OPower’s research, is still in its
11 infancy.

¹² Atta, C.D. (2015). Moments that Matter. OPower Blog. <https://blog.opower.com/2015/04/moments-that-matter>

1 I will address several of these moments of truth including *Rate Changes* and *High Bill* in
2 greater detail later in this testimony.

3 **Q. Mr. Caisley suggests that ratepayers value outage updates from the utility more than**
4 **outage restoration from the utility. Is this true?**

5 A. No. Ratepayers value restoration of lost power more than they do a text message on the status
6 of the lost power. It is not entirely clear what basis Mr. Caisley has for making the following
7 claim:

8 Restoring power quickly after a storm is important to good customer service.

9 But our research has shown that **customers care even more about good**
10 **communication** during an outage. (emphasis added)¹³

11 OPC attempted to confirm this conclusion in OPC DR-2075 which contains the following
12 Question and Response:**

13
14
15
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21
22
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24
25
26
27
28 **¹⁴
29

¹³ ER-2016-0156 Direct Testimony of Charles A. Caisley p. 7, 20-21.

¹⁴ See GM-R3.

1 The Company's response to OPC DR-2075 also contained an attachment, a 2012 JD Power
2 Special Report titled: *Customer Impact Report: Utility Outage Communications Preferences*

3 There is nothing in the attached report that substantiates Mr. Caisley's testimony or the
4 Company's response to OPC's DR that ratepayer's value outage status more than they value
5 outage restoration. The JD Power Report makes a point of clearly stating what the primary
6 focus should be in power outage:

7 **

8
9
10 **

11 **Q. Does KCPL research substantiate Mr. Caisley's assertion?**

12 A. No, it does not; at least none of the research that has been provided in discovery. In response
13 to OPC DR-2067, the Company provided a breakdown of its KCP&L Customer Experience
14 Opportunity Index which includes the category "Power Quality."¹⁶ Those results are adapted
15 and reprinted in Table 5 to specifically address Mr. Caisley's assertion:

¹⁵ Smith, L.D. et al. (2012) Customer Impact Report: Utility Outage Communications Preferences. J.D. Power and Associates. P.3

¹⁶ See GM-R4.

1 Table 5: “Power Quality” Results of KCPL’s 2015 Customer Experience Opportunity Index

Power Quality Category	Attribute Weight %	2015 Score (1-10)	Most impactful if improved
Supply electricity during extreme temperature	25%	7.59	168.7
Promptly restart power after outage	17%	7.10	138.0
Provide electric power	17%	7.33	127.1
Avoid brief interruptions	15%	7.24	115.9
Avoid lengthy outages	13%	7.22	101.2
Keep you informed during outage	13%	5.85	151.1

2
3 Based on Table 5, the Commission can see that “Keeping you informed during outages” is
4 weighted last in terms of importance (13%) in the Power Quality Category. Furthermore, far
5 from being an insight, “keeping ratepayers informed on the status of a power outage” is an
6 area that is perceived to be deficient with a 5.85 out of a possible 10 score. This makes the
7 subcategory the most likely to have a positive impact moving forward (with a 151.1 score).
8 To be clear, this is only made possible due to the perceived subpar performance of the
9 Company in keeping its customers informed during outages, not on some overall intrinsic
10 value that places communication of outage status above restoring power in order of perceived
11 customer importance.

12 **Q. Please describe KCPL’s Customer Experience Opportunity Index?**

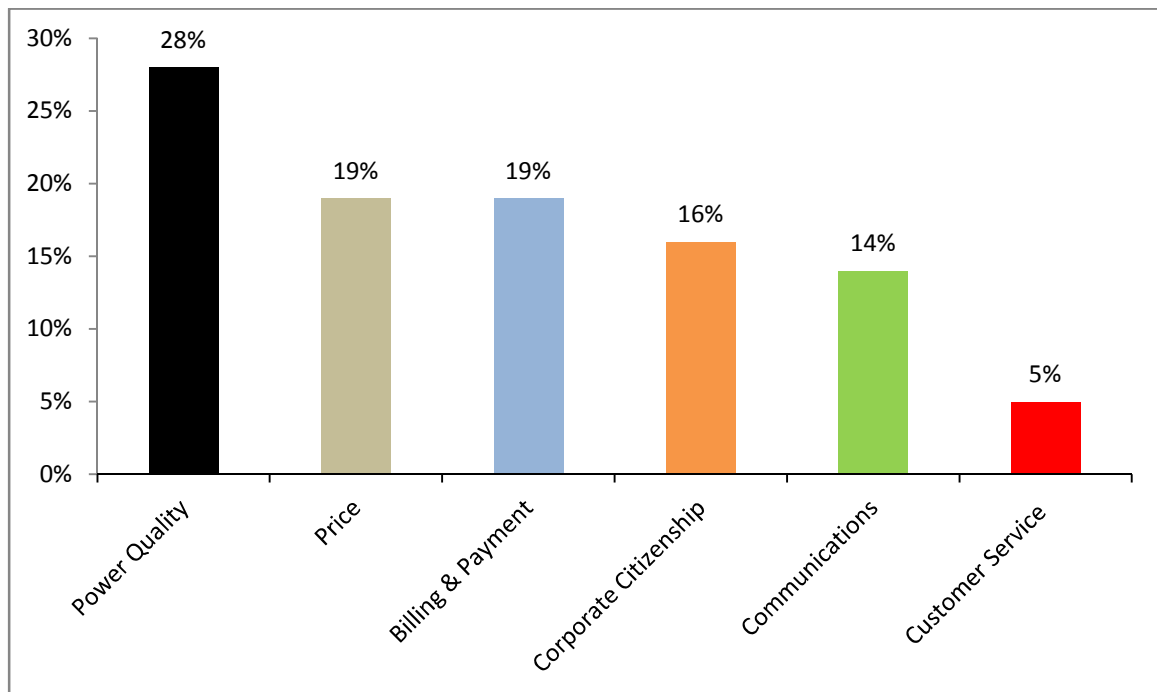
13 A. According to the Company’s response to OPC DR-2067:

14 KCP&L has developed an Opportunity Index that indicates the areas that
15 would be most impactful in raising customer satisfaction. We use the data
16 from JD Power’s Electric Utility Residential Customer Satisfaction study
17 to calculate the index scores. The index score is calculated by subtracting

1 KCP&L's score from 10 (the highest score possible) and multiplying it by
2 the weighting of each component and individual attribute. That number is
3 than multiplied by 1,000 to create the index score.¹⁷

4 The Company has identified six categories that, all together, contain thirty-six total
5 subcategories. Each of the six categories and thirty-six subcategories are weighted differently
6 according to perceived customer satisfaction. It is not entirely clear if JD Power, the
7 Company, or a combination of the two entities chose the designated weights. Figure 8
8 provides a breakdown of the six customer satisfaction categories and their respective
9 weighted values.

10 Figure 8: JD Power Weighted Categories of Customer Satisfaction



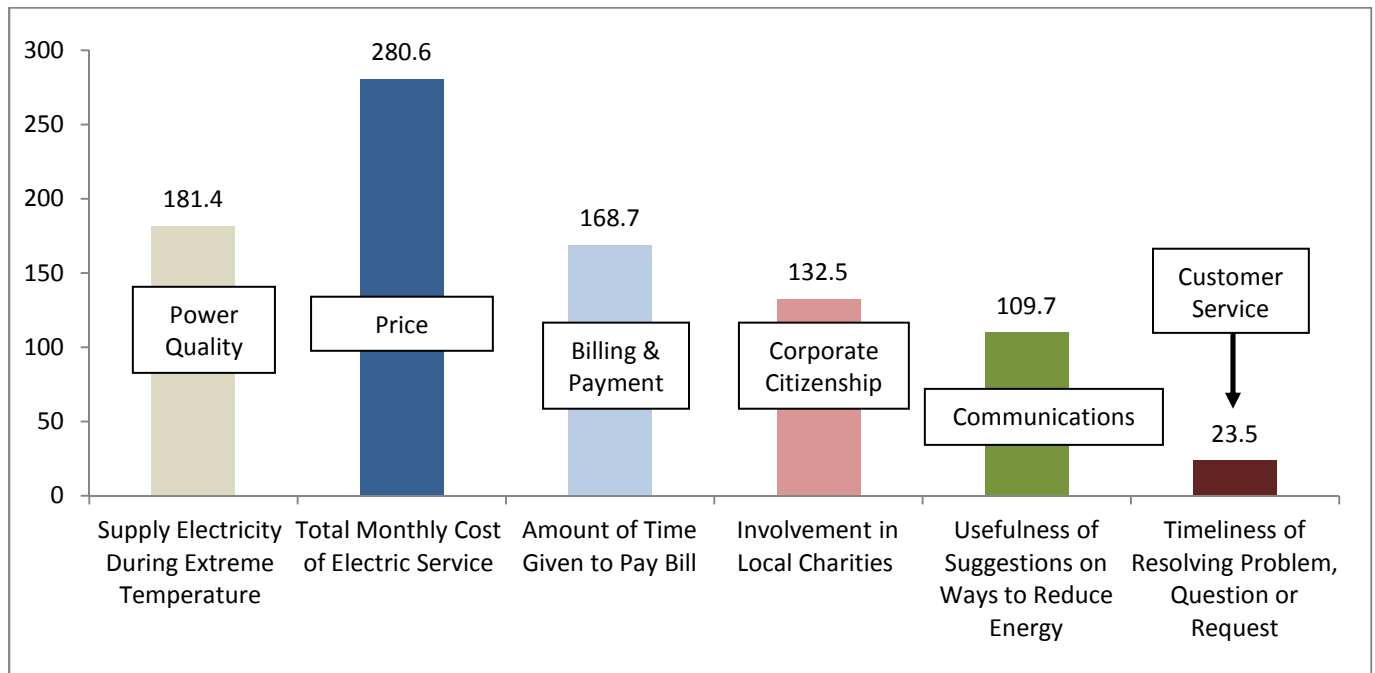
11
12
13
14

¹⁷ Ibid.

1 **Q. What are the greatest opportunities to improve customer satisfaction in each of the**
2 **aforementioned categories?**

3 A. The subcategory within each of the six categories that has the greatest potential for raising
4 customer satisfaction moving forward is listed in Figure 9.

5 Figure 9: KCP&L's Greatest Opportunity for Increased Customer Satisfaction in each Category



6 Based on the Company's analysis, the greatest opportunities to provide an increase in
7 meaningful customer experiences include: decreasing (or controlling) total monthly costs of
8 electric service, maintaining reliable service in extreme weather, and increasing the amount
9 of time given for payment of bills. This is closely followed with the Company becoming
10 more engaged with local charities and the Company providing useful suggestions to
11 ratepayers on how they can reduce energy usage.
12

13 OPC would agree with the Company's internal evaluation that improvement in any of these
14 areas would increase the overall customer experience. Both GMO and ratepayers alike would
15 benefit from an increased focus on these actionable items.

1 **Q. Of the thirty-six subcategories examined, what were the five highest and lowest scoring**
2 **areas?**

3 A. Those results are included in Tables 6 and 7 below:

4 Table 6: Top 5 Highest Scoring Subcategories

Subcategory	Score 1-10	Subcategory Weight	Category Weight	Value out of 100
Ease of Navigating Website	8.04	26%	5%	1.30
Clarity of Information Provided (website)	7.97	21%	5%	1.05
Timeliness of Resolving Problem, Question or Request (website)	7.93	31%	5%	1.55
Appearance of the Website	7.97	22%	5%	1.11
Ease of Paying Your Bill	7.65	28%	19%	5.32

5
6 Based on the Company's valuation of subcategories, the total value of the Company's top
7 five performing subcategories represents 10.33% of the overall value of the thirty-six total
8 subcategories.

9 Table 7: Top 5 Lowest Scoring Subcategories

10

Subcategory	Score 1-10	Subcategory Weight	Category Weight	Value out of 100
Fairness of Pricing	5.73	16%	19%	3.05
Total Monthly Cost of Electric Service	5.78	35%	19%	6.65
Keeping You Informed about Outages	5.85	13%	28%	3.64
Creating Messages that get Attention	5.90	18%	14%	2.52
Involvement in Local Charities	5.95	28%	16%	4.48

1 Based on the Company's valuation of subcategories, the total value of the Company's bottom
2 five performing subcategories represents 20.34% of the overall value of the thirty-six total
3 subcategories.

4 **Q. What should the Commission note from these results?**

5 A. That on a whole, the Company is successfully providing a meaningful customer experience
6 on its website. Unfortunately, those interactions are not perceived to hold much value or
7 represent dominant "moments of truth" for customer experiences with only a 5% categorical
8 weighted ranking. As an aside, the Company scored high marks in customer *perceived* value
9 of the Company's ability to collect bills from ratepayers.

10 More troubling is the fact that the Company is scoring poorly in subcategories with larger
11 weighted rankings. Based on this analysis, the Company's ratepayers are more likely to
12 perceive it as both unfair and providing service that is too expensive.

13 This is a far different picture than what Mr. Caisley's testimony would have the Commission
14 believe. The Complete chart of all thirty-one subcategories and their respective rankings can
15 be found in GM-R4.

16 **GMO Rate Case Consolidation**

17 **Q. Would the consolidation of L&P and MPS in the GMO rate case be considered a**
18 **"moment of truth?"**

19 A. Yes. Based on the moments of truth graphical wheels presented earlier, as well as the results
20 of the KCPL Customer Experience Opportunity Index, the unique setting of this rate case
21 would definitely qualify as a critical moment to impact perceived customer valuation of
22 GMO.

23 **Q. How has the Company performed?**

24 A. At this point, due to outstanding DRs, it is difficult to definitively address GMO's
25 performance regarding overall customer notification as well as individual customer
26 notification on accounts subject to a 12% or greater increase.

1 When asked to provide a narrative explanation as to how a customer would find GMO's rate
2 increase notification on its website the Company provided two responses: 1.) a six-step
3 process that a ratepayer would have to go through to reach the "My Bill" rate increase
4 notification; and 2.) a five-step process that leads the ratepayer through the "Media Center"
5 archives under February 2016.¹⁸ Neither process provide ratepayers with easily accessible
6 information for a likely critical "moment of truth." GMO's increase would cost a typical
7 residential household \$108 more annually. Moreover, due to the consolidation of the service
8 territories there are thousands of accounts that would experience increases above the blanket
9 8.2% increase the Company requested.

10 **Q. Has OPC requested specific actions regarding notification?**

11 A. Yes. OPC has been engaged with the Company, Staff and other stakeholders in attempts to
12 mitigate rate shock that may result from the consolidation of L&P and MPS. We have
13 requested actionable items to the Company both over the phone and in-person. Additionally,
14 on June 27th, OPC sent an email to stakeholders articulating our overall concerns which
15 included the following requests:

16 We are requesting that GMO's customer notice to the "at-risk" customers
17 include the annual \$ increase and/or annual % increase based on the assumed
18 modeling efforts.

- 19 ○ This can be accompanied by a disclaimer speaking to the relative
20 increase varying from month to month subject to increases or
21 decreases in usage due to weather, rate changes for fuel, etc...;
- 22 ○ That the previously sent insert regarding the public hearing
23 times and locations be included again with any notice; and

¹⁸ See GM-R5.

- 1 ○ That GMO keep track of their efforts to notify the “at-risk”
2 customers as well as said customer’s follow-up inquiries. (emphasis
3 added)¹⁹

4 Based on discussions with the Company, OPC discovered that no additional public hearing
5 notice was sent with the “at-risk” notification. On August 8th, OPC sent a DR to the
6 Company requesting a narrative explanation as to why GMO elected to not send a
7 notification of public hearing dates in conjunction with Tier 1 through 3 notifications (which
8 are accounts expected to have rates increase above 12%). The Company responded:

9 These customers did receive notifications of public hearing dates in two
10 channels—via customer bill inserts and newspaper advertisements.²⁰

11 In short, the Company has taken no apparent, additional actions to alert “at-risk” customers
12 of the opportunity to voice their opinion at the public hearing despite OPC’s stated requests.

13 **Community Involvement**

14 **Q. Mr. Caisley identified two issues on the cover of his testimony: “Customer Service and**
15 **Experience;” and “Community Involvement.” Did he speak to GMO’s involvement**
16 **with its community?**

17 **A. Yes, he did. “Community Commitment and Involvement” is one of the targeted areas he**
18 **speaks to in the opening of his testimony. He later expounded on the Company’s efforts in**
19 **this area:**

20 As a result, KCP&L developed a couple of programs to assist customers.
21 First, **we developed and implemented the Connections Campaign** (which
22 eventually turned into an ongoing program). This program was an aggressive
23 effort to educate customers on programs that KCP&L has to assist with bill
24 payment. We partnered with relief agencies and other community groups and
25 went all over the service territory conducting educational meetings and

¹⁹ See GM-R6.

²⁰ See GM-R7

1 educating people on how to access, not just KCP&L programs, but a range
2 of assistance programs. . . . **We also developed the Economic Relief**
3 **Program**, which targeted working poor families and seniors who might not
4 be eligible for financial assistance from the State of Missouri, but were in
5 need of help.²¹

6
7 **Q. What is OPC's position on the Connections Program?**

8 A. We support the concept. As it stands, it is not entirely clear how successful it has been. In
9 response to OPC DR-2092²², which requested the annual expenditures of the program, the
10 Company responded with the following amounts:

- 11 • 2011: \$3,300
- 12 • 2012: \$26,000
- 13 • 2013: \$18,000
- 14 • 2014: \$7,800
- 15 • 2015: \$4,700

16 OPC needs to make further inquiry on this subject, as it is not entirely clear if these amounts
17 reflect GMO alone or encompass KCPL-MO and KCPL-KS. The responses make no
18 distinction, regardless, the decrease in program expenditures suggests the Company is not
19 placing as great of an emphasis on this form of outreach as it has in the past.

20 **Q. What is OPC's position on the Economic Relief Program?**

21 A. OPC supports the program and will discuss the requests made to alter the program by the
22 Company and Staff later in this testimony.

23 **Q. Did Mr. Caisley outline any additional programs?**

24 A. Yes, Mr. Caisley outlined two future initiatives:

²¹ ER-2016-0156 Direct Testimony of Charles A. Caisley p. 16, 19-23 & p. 17, 1-2.

²² See GM-R8

1 As a result, KCP&L **is partnering with the Urban League of Kansas City,**
2 **the Full Employment Council and other civic groups to start KCP&L**
3 **Connect**—a storefront where people can go to pay their bills, talk to a
4 service representative, learn about energy efficiency and other programs and
5 access a variety of community services. In addition, **we have created two**
6 **vehicles to be able to go into other neighborhoods and rural areas** and
7 take the same customer service and experience to other regions of our
8 service territory (Schedule CAC-1, pages 20-25)”. (emphasis added)²³

9 **Q. What is OPC’s position on the partnership with the Urban League of Kansas City?**

10 A. OPC supports such partnerships. However, it is unclear how this partnership with benefit
11 GMO ratepayers as OPC understands that the Urban League of Kansas City operates only in
12 the KCPL-MO service territory. Further clarification on this point may be necessary.

13 **Q. What is OPC’s position on the two vehicle marketing approach?**

14 A. OPC plans to follow up with additional inquires regarding this program and reserves the right
15 to comment in future testimony.

16 **Q. Does OPC have any additional comments to make regarding the GMO customer**
17 **experience?**

18 A. Yes. I will be commenting more on the customer experience in regards to GMO’s rate design
19 proposal and GMO’s MEEIA Cycle I portfolio later. OPC would like the Commission to be
20 aware of some general concerns regarding specific data that is being collected from
21 customers through the Company’s surveys. **

²³ Ibid. p. 17, 14-20.

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** Based on OPC's previous objections regarding the lack of consumer disclosure in regards to AllConnect complaint case in EC-2015-0309 as well as potential privacy issues, further inquiry will be warranted.

9

III. HISTORICAL & PROJECTED CUSTOMER USAGE

10 **Q. Please summarize Mr. Bass's position on GMO's most recent weather normalized**
11 **billed sales and what he believes is likely GMO's projected future.**

12 A. Mr. Bass provides a general list of perceived historical factors that may have induced slower
13 than expected billed sales since 2009. These include:

- 14 • Continued lag from the Recession
15 • Federal Appliance Standards
16 • Company Energy Efficiency Programs

- 1 • Stagnant Housing Market
- 2 • Increased Electric Prices

3 I agree with some of these conclusions. Clearly, overall energy usage was impacted by the
4 economic recession that resulted from the housing market collapse. Recovery has produced
5 uneven growth across the country and across employment sectors resulting in both winners
6 and losers.²⁴ I am much less inclined to believe the Company's energy efficiency efforts have
7 significantly impacted GMO's recent historical trend.

8 In projecting out to the future, Mr. Bass concludes:

9 It is not expected that the Company will return to the previous trend prior to
10 2008 due to continued federal standards initiatives, company sponsored
11 energy efficiency programs and increasing electricity prices.²⁵

12 **Q. Do you agree?**

13 A. No. When this case was filed, GMO could be more accurately characterized as experiencing
14 low growth compared to pre-recession levels. However, uncertainty abounds. For example,
15 Great Plains Energy's news release issued August 4th states:

16 “Our company delivered solid financial and operational performance for
17 the quarter,” said Terry Bassham, chairman and chief executive officer of
18 Great Plains Energy. “We continue to optimize the performance of our
19 business. Our generating units performed well during the extreme heat
20 conditions that blanketed our region, **where temperatures in June were**
21 **the warmest since 1980.**” . . .

22 On a per-share basis, drivers for the increase in second quarter 2016
23 adjusted earnings (non-GAAP) per share compared to the same period in
24 2015 included the following:

- 25 • Approximately \$0.14 of new Missouri and Kansas retail rates that
26 became effective September 29, 2015 and October 1, 2015,
27 respectively;

²⁴ Economic Innovation Group. (2016). The new map of economic growth and recovery. <http://eig.org/wp-content/uploads/2016/05/recoverygrowthreport.pdf>

²⁵ ER-2016-0156 Direct Testimony of Albert R. Bass Jr. p. 16, 4-6.

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- **An approximately \$0.11 increase due to warmer weather driven by a 31 percent increase in cooling degree days compared to the second quarter 2015;** and
 - An approximately \$0.07 increase in other margin primarily due to new cost recovery mechanisms and an increase in the recovery of throughput disincentive associated with our energy efficiency programs. . . .

10
11
12
13

Overall retail MWh sales were up 3.4 percent in the second quarter 2016, compared to the 2015 period with the increase driven by weather. The favorable weather impact in the second quarter 2016, when compared to normal, was approximately \$0.08 per share.^{26,27}

14
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Whether this heat wave represents an anomaly or if more erratic weather patterns are likely to occur can be just as reasonably debated as whether or not the economy will bounce back and induce increased consumption. These variables are almost entirely outside anyone's control. As it stands, it would seem premature to declare energy consumption growth dead.^{28,29}

19
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21

In fact, such a prediction would run counter to the Company's triennial IRP filed in EO-2015-0309 as well as Mr. Bass's own response to OPC DR-2042 which projects the following modest increases into the future in Table 8:

²⁶ Great Plains Energy Reports Solid Financial Performance; Westar Acquisition on Track for Completion in Spring 2017. (2016). <http://phx.corporate-ir.net/phoenix.zhtml?c=96211&p=irol-newsArticle&ID=2193335>

²⁷ To provide further context, the Electric Reliability Council of Texas (ERCOT) set four new peak demand records in that same week. See Walton. R. (2016) ERCOT: High temperatures spark 4 peak demand records in 1 week. *UtilityDive*. <http://www.utilitydive.com/news/ercot-high-temperatures-spark-4-peak-demand-records-in-1-week/424265/>

²⁸ Risky Business: The Economic Risks of Climate Change in the United States(2015) Heat in the Heartland: Climate Change and Economic Risk in the Midwest. <http://riskybusiness.org/site/assets/uploads/2015/09/RBP-Midwest-Report-WEB-1-26-15.pdf>

²⁹ Hayhoe, K. (2015) Climate Change in the Midwest: Projections of future temperature and precipitation. Union of Concerned Scientists. http://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/midwest-climate-impacts.pdf

1 Table 8: Company response to GMO projected ten-year “base case” estimates of billed kWh sales

Year	kWh	Annual Increase	Five and Ten year increase
2016	8,182,365,871.00		
2017	8,245,931,352.00	0.78%	
2018	8,304,911,466.00	0.72%	
2019	8,344,187,461.00	0.47%	
2020	8,382,811,265.00	0.46%	2.45%
2021	8,423,472,113.00	0.49%	
2022	8,471,727,315.00	0.57%	
2023	8,522,409,773.00	0.60%	
2024	8,574,947,356.00	0.62%	
2025	8,629,230,051.00	0.63%	5.46%

2
3 **Q. Do these estimates account for GMO’s MEEIA Cycle II projections?**

4 A. No. Mr. Bass’s response specifically states:

5 GMO’s Billed Kilowatt Hour Sales by Revenue Class (Residential, Commercial,
6 Industrial, and Lighting) for the forecasted ten years (2016-2025). Does not
7 include reduction for new company DSM programs, base case forecast.³⁰

8 **Q. Would these growth modeling estimates be overstated then?**

9 A. I do not believe so. They may in fact be underestimated as the model is presently set. This is
10 because the demand-side management (“DSM”) estimates in GMO’s triennial IRP filing in
11 EO-2015-0309 were based on a dated market potential study that was later abandoned during
12 the MEEIA Cycle II negotiation process. Unlike MEEIA Cycle I, Cycle II calls for fewer
13 kWh “energy” savings than what was initially modeled in the IRP. This is because Cycle II’s
14 emphasis is largely centered on kW “demand” savings. Stated differently, Cycle I captured
15 savings almost entirely from efficient lighting while Cycle II will attempt to capture savings
16 primarily from HVAC and other peak using measures. Both measures produce energy and
17 demand savings, but at disproportionate levels relative to their overall costs. For example,

³⁰ See GM-R8.

1 lights will often be off in the afternoon during peak demand and HVAC's will often be off
2 when temperatures are mild and base load generation is primarily being dispatched. The
3 distinction is important not only to add context for these projections but it has larger
4 implications for ratepayers based on the Company's proposed rate design in this case.

5 **Q. Mr. Bass also proposes to make an annualized adjustment to recognize the impact of**
6 **the Company's energy efficiency programs on test year's sales. Do you agree?**

7 A. No. Such an adjustment has already taken place through the MEEIA surcharge and to do it
8 again here would result in double recovery of assumed lost revenues. Mr. Bass is mistaken if
9 he believes that the energy efficiency adjustment should occur based on the stipulation in
10 EO-2015-0241.

11 **IV. RATE DESIGN & MEEIA**

12 **Q. Please provide a general summary of GMO's approach to rate design in this case?**

13 A. GMO is attempting to consolidate the L&P and MPS service territories. The goal of bringing
14 consistency in rate structure across its service territory is a concept that OPC supports. But,
15 the proposed rate structure clearly prioritizes revenue recovery and energy consumption at
16 the expense of customer's rates and energy efficiency efforts. Our primary concern is on the
17 commercial and industrial classes' rates in this case.

18 **Q. Does Staff share these concerns?**

19 A. Yes. Staff believes that GMO's rate design will have the following impacts:

- 20 1) make it **more difficult to predict what revenues will be** at the conclusion
21 of this case to the extent that billing determinants are less predictable;
- 22
- 23 2) **reduce customer understanding of bills;**
- 24
- 25 3) **reduce customer control of bills,** given the shift to NCP demand-based
26 revenue recovery and away from energy recovery;

- 1
- 2 4) **send price signals that improperly weight the relevance of customer**
- 3 **NCP demand** as a determinant of production-capacity related costs;
- 4
- 5 5) **send the improper price signal that the cost of energy is decreasing**
- 6 relative to the last GMO general rate case;
- 7
- 8 6) **disincentivize prior and potential customer investment in energy**
- 9 **efficiency;**
- 10
- 11 7) shift customer bill impact from particular months to a flatter pattern in a
- 12 manner that **may catch certain customers unprepared or that may**
- 13 **cause certain customers to pay more** during the period immediately
- 14 preceding the implementation of compliance tariffs and following the
- 15 implementation of compliance tariffs than the utility would be entitled to
- 16 recover during that period.

17 GMO's rate design collectively shifts risks onto ratepayers and rewards the Company. The

18 proposed design is neither just nor reasonable as ratepayers bear the risks, and thus, are

19 harmed.

20 **Q. Did Staff calculate how revenue collection will shift?**

21 A. Yes. Table 9-12 provide a summary of the various charges used in each class today and

22 what are being proposed by the Company.

23

24 **Table 9: Residential Percent of Revenue by Charge Today (MPS, L&P) and Proposed (GMO)**

25

	Customer	Facilities	Demand	Energy
MPS Res	9.2%	0.0%	0.0%	90.8%
L&P Res	8.8%	0.0%	0.0%	91.2%
GMO Res	11.8%	0.0%	0.0%	88.2%

1 Table 10: Small General Service Percent of Revenue by Charge Today (MPS, L&P) and Proposed
2 (GMO)
3

	Customer	Facilities	Demand	Energy
MPS SGS	7.6%	0.0%	13.3%	79.1%
L&P SGS	6.2%	15.0%	0.0%	91.2%
GMO SGS	10.5%	6.8%	3.9%	78.8%

4
5
6 Table 11: Large General Service Percent of Revenue by Charge Today (MPS, L&P) and Proposed
7 (GMO)
8

	Customer	Facilities	Demand	Energy
MPS LGS	1.6%	0.0%	14.2%	84.2%
L&P LGS	0.0%	12.4%	11.8%	75.8%
GMO LGS	1.5%	11.3%	2.7%	84.5%

9
10
11 Table 12: Large Power Service Percent of Revenue by Charge Today (MPS, L&P) and Proposed
12 (GMO)
13

	Customer	Facilities	Demand	Energy
MPS LPS	0.4%	0.0%	20.6%	79.0%
L&P LPS	0.0%	6.6%	24.5%	68.9%
GMO LPS	1.2%	9.5%	21.2%	68.1%

14
15 **Q. What should the Commission note from those tables?**

16 A. That revenue collected from the energy charge is almost universally being reduced. In its
17 place, the emphasis shifts to automatic fixed charge recovery (the customer charge) as
18 well as increased recovery based on a customer's non-coincident monthly peak (facilities
19 and demand charges).

20 **Q. Why is OPC against such a proposal?**

21 A. For the reasons already articulated above by Staff and because GMO clearly profits from
22 its promotion of energy efficiency in its Commission-approved MEEIA. The customers
23 that have already invested in energy efficiency through GMO MEEIA programs based on

1 the current rate design will not see the payback provided to them to demonstrate cost-
2 effectiveness of energy efficiency measures. For customers that are considering
3 participation in MEEIA, GMO's proposed rate design deemphasizes previous energy
4 efficiency actions and discourages future efficiency investment. It will also sends the
5 improper price signal that the cost of energy is decreasing relative to the previous rate case
6 which would require further supply-side capital investment in the future.

7 **Q. Would this be a "Moment of Truth?"**

8 A. Yes it would. In effect, GMO's rate design undermines the ** investment
9 paid out for efficiency measures to date. Approximately ** of the program
10 budget was from GMO's commercial and industrial customers. Although OPC still has
11 outstanding DRs to the Company on this issue, it is our understanding that the vast
12 majority of the MEEIA investments to date have been in the form of lighting measures.
13 Measures and minimal impact on peak demand. Given GMO's proposed rate design, those
14 investments would not result in the lower expected bills.

15 Customers are routinely led to believe two things when they elect to be proactive in
16 adopting energy efficiency: 1) that it will help the environment; and 2.) it will save on
17 their electric bill.

18 The truth is GMO's proposed rate design does neither. Approval of GMO's rate design
19 would undermine explicit Commission policy directives to date by directly discouraging
20 energy efficiency and encouraging future supply-side investment. Additionally, pending
21 Commission approval, GMO will be rewarded with a generous MEEIA performance
22 incentive for its participation in promoting both of those beliefs. GMO's proposed rate
23 design is an attempt to reap generous benefits from its MEEIA programs at the expense of
24 its customers while working to increase the bills of these same customers. The
25 Commission should not condone, let alone reward this behavior.

26 GMO is not required to participate in MEEIA. There is no energy efficiency standard that
27 the Company needs to meet. It chose to take advantage of MEEIA and has already been

1 rewarded financially for its efforts to date with potentially greater profits coming shortly.

2 To quote GPE's most recent press release again:

3 On a per-share basis, drivers for the increase in second quarter 2016
4 adjusted earnings (non-GAAP) per share compared to the same period in
5 2015 included the following:

- 6 • An approximately \$0.07 increase in other margin primarily **due to**
7 **new cost recovery mechanisms and an increase in the recovery of**
8 **throughput disincentive associated with our energy efficiency**
9 **programs.** (emphasis added)³¹

10 **Q. Could you provide any examples where a GMO ratepayer would be negatively**
11 **impacted by this proposed rate design?**

12 A. Yes. **

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³¹ Great Plains Energy Reports Solid Financial Performance; Westar Acquisition on Track for Completion in Spring 2017. (2016). <http://phx.corporate-ir.net/phoenix.zhtml?c=96211&p=irol-newsArticle&ID=2193335>

1 **Q. Does OPC oppose the residential customer charge increase as well?**

2 A. Yes. OPC's position on the residential customer charge is the same as it has been in
3 previous cases. We recommend the charge be set at the current L&P level of \$9.54

4 **Q. Does OPC have any additional recommendations for the Commission to consider?**

5 A. OPC is in general support of the recommendations articulated in the Staff Rate Design
6 Report. In particular, the recommendation that the Commission order GMO to do a new
7 reassigned load sample from new load research data upon the completion of one year
8 research data. We are reviewing available evidence absent Company billing determinants
9 on the consolidated classes as well as challenges faced due to the accelerated procedural
10 schedule. We are also currently engaged in discussions with the Company and
11 stakeholders regarding the best-fit analysis and as such we reserve the right to comment
12 and provide further recommendations as appropriate.

13 **V. LOW-INCOME PROGRAMS**

14 **Existing Income-Eligible Pilot**

15 **Q. Please describe the present status of the Economic Relief Pilot Program ("ERPP") as**
16 **presented in this case.**

17 A. The ERPP has been in "pilot" status since its inception in ER-2009-0090 and has undertaken
18 three independent evaluations. The program provides bill credits to income-eligible
19 customers experiencing financial hardships. The funding stream is currently set at \$630,000
20 annually which is split 50/50 between ratepayers and shareholders and is not to exceed 1,000
21 accounts per year. The Company is proposing to extend this amount to \$788,019. It is OPC's
22 understanding, however, that these annual funds are rarely if ever fully expended.

23 Staff supports the Company's proposal and is making three additional recommendations: 1.)
24 that the Company increase the monthly credit from \$50 to \$65; 2.) that the criteria for
25 eligibility be increased from 185% of the federal poverty line to 200%; and 3.) that another

1 evaluation be performed. Staff is silent on whether or not an evaluation would require
2 additional money or be conducted by a third-party.

3 **Q. Does OPC support these proposals?**

4 A. We support all of the proposed recommendations with the sole condition that Staff's
5 recommended evaluation be limited to interested parties to this case as well as the agency
6 tasked with implementing the funds (the Salvation Army). OPC believes additional
7 evaluation is not warranted and that much of what Staff intends to gain from such an
8 evaluation could likely be accomplished through dialogue with the entities involved.

9 **Proposed Income-Eligible Pilot**

10 **Q. Please describe Staff's proposal.**

11 A. Staff witness Sarah L. Kliethermes offered a template of an income-eligible customer charge
12 subsidy in the GMO service territory based on previous Commission inquiries in both the
13 Empire District Electric (ER-2016-0023) and Missouri American Water (WR-2015-0301)
14 Rate Cases.

15 **Q. Does OPC support this proposal?**

16 A. Not presently. OPC would first like to confirm the feasibility of the proposed endeavor with
17 stakeholders and any potential Community Action Agencies (or other implementation
18 agencies). Our primary concern is that the organizations tasked with implementing this pilot
19 are currently absent from the policy design table. Successful implementation, under the best
20 of circumstances, is exceedingly difficult, fraught with obstacles that are often largely prosaic
21 and everyday in character. Empire's, now defunct, Experimental Low-Income Program
22 (ELIP) serves as a good example of that.

23 Unlike the Empire case, GMO already currently has a 50/50 ratepayer/shareholder split-
24 sharing mechanism in place for crediting low-income customers with bill credits. Admittedly,
25 Staff's proposed pilot is different and may help alleviate the energy burden of eligible
26 households. It is not, OPC's preferred mechanism. Our preferred delivery channel would be

1 to provide continued and increased support through GMO's low-income weatherization
2 assistance programs ("LIWAP"). Bill credits, in the form of LIHEAP, reduced customer
3 charges, or other types of support are often an essential and necessary safety net for
4 households in need, but they largely function as momentary stop-gaps. We know, from a
5 myriad amount of established research, that LIWAP produces the long-term benefits the
6 Commission is seeking. OPC reserves the right to comment further on this subject as well as
7 make any definitive recommendations in surrebuttal testimony.

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

9 A. Yes.

ER-2016-0156

Schedule GM-R1

has been deemed

“Highly Confidential”

in its entirety

KCPL GMO
Case Name: 2016 GMO Rate Case
Case Number: ER-2016-0156

Response to Marke Geoff Interrogatories - OPC_20160407
Date of Response: 04/18/2016

Question:2096

Please provide a copy of the Edison Electric Institute, Typical Bills and Average Rates Report Summer 2015 referenced in the footnote #1 of the direct testimony of Mr. Ives, p. 16.

Response:

The semi-annual EEI Typical Bills and Average Rates Report specifically states the following:

“No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any information storage or retrieval system or method, now known or hereinafter invented or adopted, without the express prior written permission of the Edison Electric Institute.”

KCP&L has, in the past, accommodated MPSC Staff requests for copies of this Report by making KCP&L’s copy available for their review at KCP&L Headquarters, 1200 Main, Street, K.C., MO. KCP&L would be happy to accommodate OPC’s request in the same fashion. Please contact Randy Erickson at 816.654.1698 or randy.erickson@kcpl.com to setup a time to view the Report.

Please also note that this publication is available for purchase on the EEI website (<http://www.eei.org/resourcesandmedia/products/Pages/products.aspx>).

Answer Provided by- Marisol Miller, Regulatory Affairs

Attachment: Q2096_Verification.pdf

ER-2016-0156

Schedule GM-R3

has been deemed

“Highly Confidential”

in its entirety

2015 Opportunity Index

KCP&L

KCP&L has developed an Opportunity Index that indicates the areas that would be most impactful in raising customer satisfaction. We use the data from JD Power’s Electric Utility Residential Customer Satisfaction study to calculate the index scores. The index score is calculated by subtracting KCP&L’s score from 10 (the highest score possible) and multiplying it by the weighting of each component and individual attribute. That number is then multiplied by 1,000 to create the index score.

The “Total monthly cost of electric service” attribute has the highest index score of 280.6 and would have the highest impact on KCP&L’s overall customer satisfaction if we increase customer satisfaction with that attribute. Therefore, KCP&L is continuously working towards improving customer’s perception of what they receive for the price they pay for their electricity. It is a combination of several things such as the monthly cost of electricity, reliable service, good customer service, etc. that customers think of when responding to these types of JD Power questions.

		2015 KCP&L Calendar	Attribute Weight	Component Weight	2015 KCP&L Customer Service Weight	2014 JDP KCPL Calculated Index	2015 JDP KCPL Calculated Index	Difference 2015 vs 2014
Overall CSI	Overall Customer Satisfaction Index	667						
Power Quality	Power Quality & Reliability	714						
Price	Price	591						
B&P	Billing & Payment	735						
Corp Citizenship	Corporate Citizenship	614						
Communications	Communications	619						
Customer Service	Customer Service	734						
Customer Service	Customer Service - Phone	706						
Customer Service	Customer Service - Online	796						
Price	PA5 RATING: Total monthly cost of electric service	5.78	35%	19%		339.0	280.6	(58.4)
Corp Citizenship	CCA3 RATING: Involvement in local charities and civic organizations	5.95	28%	16%		179.8	181.6	1.7
Power Quality	PQRA6 RATING: Supply electricity during extreme temperatures	7.59	25%	28%		142.7	168.9	26.2
Power Quality	PQRA5 RATING: Keep you informed about outage	5.85	13%	28%		141.4	151.1	9.7
Corp Citizenship	CCA1 RATING: Actions to take care of environment	6.17	24%	16%		125.5	147.2	21.7
Corp Citizenship	CCA2 RATING: Variety of energy efficiency programs offered	6.23	24%	16%		129.8	144.7	15.0
Corp Citizenship	CCA4 RATING: Efforts to develop energy supply plans for the future	6.25	23%	16%		118.5	138.2	19.7
Power Quality	PQRA4 RATING: Promptly restore power after outage	7.10	17%	28%		156.2	137.9	(18.3)
B&P	BPA3 RATING: Amount of time given to pay bill	7.21	25%	19%		139.3	132.5	(6.8)
Price	PA3 RATING: Fairness of pricing	5.73	16%	19%		173.1	129.8	(43.3)
B&P	BPA2 RATING: Usefulness of information on bill	7.20	24%	19%		147.9	127.9	(20.0)
Power Quality	PQRA1 RATING: Provide quality electric power	7.33	17%	28%		127.4	127.0	(0.4)
B&P	BPA7 RATING: Ease of paying your bill	7.65	28%	19%		N/A	125.0	N/A
Price	PA1 RATING: Availability of pricing options that meet needs	5.94	16%	19%		138.6	123.4	(15.2)
Price	PA4 RATING: Efforts of utility to help manage monthly usage	5.96	16%	19%		185.4	122.9	(62.5)
B&P	BPA5 RATING: Variety of methods to pay bill	7.31	24%	19%		95.7	122.5	26.8
Price	PA2 RATING: Ease of understanding pricing options	6.28	17%	19%		166.0	120.3	(45.8)
Power Quality	PQRA2 RATING: Avoid brief interruptions	7.24	15%	28%		130.7	116.0	(14.7)
Communications	COMA3 RATING: Usefulness of suggestions on ways to reduce energy	6.27	21%	14%		96.1	109.5	13.4
Communications	COMA2 RATING: Keep you informed about keeping costs low	5.95	19%	14%		117.8	107.8	(10.0)
Communications	COMA5 RATING: Efforts to communicate changes	6.19	20%	14%		117.6	106.6	(11.0)
Communications	COMA4 RATING: Communicating how to be safe around electricity	6.56	22%	14%		98.6	106.0	7.4
Communications	COMA1 RATING: Creating messages that get attention	5.90	18%	14%		124.4	103.2	(21.2)
Power Quality	PQRA3 RATING: Avoid lengthy outages	7.22	13%	28%		98.6	101.0	2.4
Customer Service - Phone	CSA10 RATING: PHONE - Timeliness of resolving problem, question, or request	6.93	26%	5%	58.8%	N/A	23.5	N/A
Customer Service - Phone	CSA3 RATING: PHONE - Clarity of information provided	7.05	18%	5%	58.8%	9.4	15.6	6.2
Customer Service - Online	CSA15 RATING: ONLINE - Timeliness of resolving your problem, question, or request	7.93	31%	5%	41.2%	22.3	13.2	(9.1)
Customer Service - Online	CSA14 RATING: ONLINE - Ease of navigating the website	8.04	26%	5%	41.2%	11.8	10.5	(1.3)
Customer Service - Phone	CSA1 RATING: PHONE - Ease of navigating phone menu prompts	7.03	11%	5%	58.8%	N/A	9.6	N/A
Customer Service - Online	CSA12 RATING: ONLINE - Appearance of the website	7.92	22%	5%	41.2%	14.9	9.4	(5.5)
Customer Service - Phone	CSA2 RATING: PHONE - Ease of understanding phone menu instructions	7.15	11%	5%	58.8%	9.6	9.2	(0.4)
Customer Service - Phone	CSA7 RATING: PHONE - Courtesy of the representative	7.48	12%	5%	58.8%	13.8	8.9	(4.9)
Customer Service - Online	CSA13 RATING: ONLINE - Clarity of the information provided	7.97	21%	5%	41.2%	12.2	8.8	(3.5)
Customer Service - Phone	CSA6 RATING: PHONE - Promptness in speaking to a person	6.77	9%	5%	58.8%	14.3	8.5	(5.7)
Customer Service - Phone	CSA9 RATING: PHONE - Representative's concern for needs	6.90	7%	5%	58.8%	10.8	6.4	(4.4)
Customer Service - Phone	CSA8 RATING: PHONE - Knowledge of the representative	7.19	5%	5%	58.8%	8.5	4.1	(4.3)
Primary Studies:								
JD Power Electric Utility Residential CSI - Online								

KCPL GMO
Case Name: 2016 GMO Rate Case
Case Number: ER-2016-0156

Response to Marke Geoff Interrogatories - OPC_20160804
Date of Response: 8/12/2016

Question:2153

Please provide a narrative step-by-step explanation as to how a customer would find GMO's rate increase notification on its website as is currently displayed (8/4/16).

Response:

Information about GMO's rate increase is found in two places on www.kcpl.com.

First Location:

1. Enter www.kcpl.com into the address bar of your web browser.
2. Select "My Bill" from the global navigation at the top of the site to reveal the menu of options for that section.
3. From the menu of options for the "My Bill" section, select "Rate Information."
4. On the "Rate Information" page, scroll down to one of two subheadings, depending on which portion of GMO is relevant for you:
 - a. "KCP&L Greater Missouri Operations Service area (formerly served by Missouri Public Service)." Select fourth item in bulleted list "GMO Rate Increase Request"
 - b. "KCP&L Greater Missouri Operations service area (formerly served by St. Joseph Light & Power)." Select the fifth item in bulleted list "GMO Rate Increase Request"
5. Regardless of which item you choose in the prior step, you are led to the page "KCP&L Rate Increase Requests." Select orange button "KCP&L-GMO"
6. Selection of the orange button takes you to the page "KCP&L Rate Increase Request: KCP&L-GMO"

Second Location:

1. Enter www.kcpl.com into the address bar of your web browser.
2. Select "About KCP&L" from the global navigation at the top of the site to reveal the menu of options for that section.

3. From the menu of options for the “My Bill” section, select “Media Center.”
4. From the “Archives” select “February 2016 (1).”
5. Select the press release “KCP&L Files Rate Increase Request with Missouri Public Service Commission 2/24/2016.”

Information provided by Clara Miller.

Attachment: Q2153_Verification.pdf

Marke, Geoff

From: Marke, Geoff
Sent: Monday, June 27, 2016 10:29 AM
To: Lutz Brad; Williams, Nathan; Steiner Roger; 'David Woodsmall'; 'SCO/Chief Staff Counsel - Service'; OPC Service; 'Andy Zellers'; 'comleym@ncrpc.com'; 'wds@wdspsc.com'; 'Carl Lumley'; 'JFischerPC@aol.com'; 'joshua.harden@dentons.com'; Hack Rob; 'karl.zobrist@dentons.com'; Antal, Alexander; 'Edward Downey'; 'dmvuyksteke@bryancave.com'; 'Henry Robertson'; 'andrew@renewmo.org'; 'Lowery@smithlewis.com'; 'AmerenMOService@ameren.com'; 'jdlinton@reagan.com'; 'Brubaker, Maurice'; Rush Tim; 'Kliethermes, Robin'; 'nicole.mers@psc.mo.gov'; Eaves, Dana; Scheperle, Mike; Davis Martha; Barnes, Matthew; Majors, Keith; Lange, Shawn; 'Seoungjoun Won (seoungjoun.won@psc.mo.gov)'; 'karen.lyons@psc.mo.gov'; Kliethermes, Sarah; 'DonaldCEDLLC@sbcglobal.net'; 'jacob.westen@psc.mo.gov'; Riley, John; Kremer, Lisa; Burdge, James Rich; Mayfield, Cydney; Bass Albert; Asbury Kim; Erickson Randy; Tonkovic Michael; Miller Marisol; McDonald Katie
Subject: workshop comments

KCPL GMO., et al:

Based on the technical conference discussions to date, OPC would like to offer the following comments:

- For purposes of modeling and potential rate design adoption we can support the consolidation of GMO's service territory as well as the stated intent to not have any revenue neutral shift between classes (subject to the vagaries of rate switching); however, we are reserving our right to comment further and intend to explore options for the adoption of a rate phase-in given the pronounced outliers currently observed.
- We are requesting that GMO's customer notice to the "at-risk" customers include the annual \$ increase and/or annual % increase based on the assumed modeling efforts.
 - This can be accompanied by a disclaimer speaking to the relative increase varying from month to month subject to increases or decreases in usage due to weather, rate changes for fuel, etc... ;
 - That the previously sent insert regarding the public hearing times and locations be included again with any notice; and
 - That GMO keep track of their efforts to notify the "at-risk" customers as well as said customer's follow-up inquiries.
- We have an overall concern with the influx of fixed cost recovery increases in existing charges (e.g., customer) as well as the newly proposed fixed cost charges for select newly consolidated customer classes (e.g., demand and facilities) especially in light of energy efficiency actions taken to date by the Company (and by the C&I ratepayers in particular) and by the Commission's interest in exploring inclining block rate designs.

Of course we welcome continued dialogue on this subject and will attempt to reach out to parties over the next week for further discussion on this and other areas as necessary.

Regards,

Geoff Marke
Economist

Missouri Office of the Public Counsel
(583) 751—5563 Office
(314) 956-4487 Cell

KCPL GMO
Case Name: 2016 GMO Rate Case
Case Number: ER-2016-0156

Response to Marke Geoff Interrogatories - OPC_20160804
Date of Response: 8/9/2016

Question:2155

Please provide a narrative explanation why GMO elected to not send a notification of public hearing dates in conjunction with Tier 1 through 3 notifications that indicate rate increases above 12%.

Response:

These customers did receive notifications of public hearing dates in two channels -- via customer bill inserts and newspaper advertisements.

Information provided by Courtney Hughley.

Attachment: Q2155_Verification.pdf

KCPL GMO
Case Name: 2016 GMO Rate Case
Case Number: ER-2016-0156

Response to Geoff Marke Interrogatories - OPC_20160404
Date of Response: 04/12/2016

Question:2042

Please provide all estimates that the Company has of the following information for the next ten years, by customer class:

- Number of customers
- Retail electricity sales
- Revenues collected
- Rates, including energy charges, demand charges, customer charges, RESRAM, DSM charges, and other surcharges included in customer rates.

Response:

In the attached file labeled "Q2042_GMO-OPC-2042_Forecast.xls" you will find the following:

- A. GMO average number of customer by Revenue Class (Residential, Commercial, Industrial, and Lighting) for the forecasted ten years (2016-2025).
- B. GMO Billed Kilowatt Hour Sales by Revenue Class (Residential, Commercial, Industrial, and Lighting) for the forecasted ten years (2016-2025). Does not include reduction for new company DSM programs, base case forecast.
- C. GMO Billed Revenue to the customer by Revenue Class (Residential, Commercial, Industrial, and Lighting) for forecasted five years (2016-2020). Does not include reduction for new company DSM programs (base case forecast). GMO revenue is not projected out past five years.
- D. GMO Billed Revenue Per kWh (Cents) by Revenue Class (Residential, Commercial Industrial, and Lighting) for the forecasted five years (2016-2020). This is based on actual price. Please note, the detailed charges are not available systematically but are found in the paper records of the Company. The actual tariff sheets associated with this period would be voluminous and the effective dates would vary based on respective rate changes. If a particular, historic tariff is needed, please specify the sheet and period needed. Does not include reduction for new company DSM programs (base case forecast). GMO revenue is not projected out past five years.

Forecasted customers and billed Kilowatt Hour Sales are based on the current long term Integrated Resource Plan (IRP) forecast assuming normal weather.

Prepared By: Al Bass

Attachments:

Q2042_GMO-OPC-2042_Forecast.xls

Q2042_Verification.pdf