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Witness: Elizabeth Danforth
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2016-0285
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

REBUTTAL TESTIMONY

OF

ELIZABETH DANFORTH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
December 2016**

KCP&L Exhibit No. 119
Date 2/28/17 Reporter KE
File No. ER-2016-0285

REBUTTAL TESTIMONY

OF

ELIZABETH DANFORTH

Case No. ER-2016-0285

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

2 A: My name is Elizabeth Danforth. My business address is 1200 Main, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Director of Public Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L.

9 **Q: Please state your educational background and describe your professional training**
10 **and experience.**

11 A. I have a Bachelor of Science from William Woods University and a Master’s in Business
12 Administration from the University of Missouri – Kansas City. I’ve worked in the utility
13 industry for 14 years in the public affairs sector. Prior to that I was a marketing and fund
14 development professional in the nonprofit arena. I currently manage the public affairs
15 department at KCP&L which includes leading strategy in government affairs, corporate
16 social responsibility and customer and community affairs.

1 Q. **Have you previously testified in a proceeding at the Missouri Public Service**
2 **Commission (“Commission” or “MPSC”) or before any other utility regulatory**
3 **agency?**

4 A. No.

5 Q. **What is the purpose of your Rebuttal Testimony?**

6 A: I will respond to Staff’s report concerning Edison Electric Institute (“EEI”) dues and
7 other dues to nonprofit chambers and economic development agencies.

8 Q: **Please explain what services EEI provides the Company.**

9 A: EEI is the association that represents all U.S. investor-owned electric companies. EEI
10 provides services, resources, expertise and established networks on all issues that impact
11 the energy industry. EEI is a clearinghouse for industry best practices and products and
12 provides national leadership that contributes to the long-term viability and service of the
13 electric power industry.

14 Q: **Please explain what the Company requested in regards to EEI in this rate case?**

15 A: The Company requests that a portion of all EEI expenses recorded to net operating
16 income (above-the-line) be included in the revenue requirement in this rate case as they
17 support the providing of more reliable and efficient services.

18 Q: **Are a portion of EEI dues already recorded below the line and not included in the**
19 **cost of service in this rate case?**

20 A: Yes. Please see the testimony of Company witness Ronald Klote for an explanation.

1 **Q: Staff maintains that ratepayers do not receive benefit from the expenses incurred**
2 **from KCP&L's participation in EEI. How do you respond?**

3 A: Through the resources EEI provides, EEI helps enable its member utilities, including
4 KCP&L, to operate more reliably, more effectively, at lower cost, with less
5 environmental impact and more efficiencies. All of these efforts benefit customers.

6 EEI advocates on behalf of its members on legislative and regulatory matters
7 involving the major federal laws that impact the energy industry.

8 KCP&L and its customers benefit from EEI's leveraged efforts with other utilities
9 that protect human health and the environment while assuring a reliable and affordable
10 electric power generation, transmission, and distribution system. It does so through
11 research and studies and by advocating on legal issues and related policy, scientific, and
12 technical matters arising from related regulations, policies and guidance affecting
13 electricity generation, transmission, and distribution facilities.

14 EEI's resources provide guidance and insight on energy industry issues including
15 transmission and distribution, generation, physical and cyber security, efficiency, finance
16 and tax, technologies, utility assistance for customers, and upcoming regulatory and
17 legislative issue. EEI helps companies anticipate, react, and adjust efficiently to
18 changing conditions. EEI works with the federal government and regulatory bodies to
19 ensure that new and revised environmental, safety, labor, or financial rules are not unduly
20 burdensome.

21 EEI provides publications, newsletters, and reports that allow companies to
22 benchmark and compare operations, practices, and policies. EEI coordinates with NERC
23 and the regional reliability organizations to ensure that companies can operate efficiently

1 and reliably, saving customers' money and reducing outages. EEI also works with
2 companies to organize mutual assistance for emergency recovery after storms. EEI
3 testing programs allow companies to utilize standardized, non-discriminatory tests to hire
4 the most qualified people, and to avoid the expense of legal challenges.

5 The following examples outline EEI's Environmental Advisory Council
6 participation in important environmental issues that allow KCP&L to leverage EEI
7 support to effectively manage environmental compliance issues.

8 **Public Policy Leadership** - EEI represents KCP&L and other member utilities in
9 international negotiations surrounding the United Nations Framework Convention on
10 Climate Change that ultimately resulted in the Paris Agreement. EEI attendance at the
11 negotiations representing KCP&L leverages membership by avoiding costly international
12 travel.

13 **Strategic Business Intelligence** – EEI organizes interest groups concerning
14 specific environmental and regulatory areas such as carbon capture and storage. KCP&L
15 participates in these interest groups and leverages the knowledge gained from other
16 utilities conducting site-specific projects minimizing some of the need to conduct those
17 projects ourselves.

18 **Q: Should the Commission in this rate case accept Staff's adjustments associated with**
19 **EEI dues?**

20 **A:** No. Staff states on p. 113 of its Revenue Requirement Cost of Service Report that
21 KCP&L failed to identify or quantify any benefit to ratepayers from participation in EEI.
22 To be fair, the Company did not make an adjustment associated with EEI dues as the test
23 year in this rate case, January 1, 2015 to December 31, 2015 already included a

1 representative level of EEI dues. The Company had already removed during the test
2 year, and recorded on its books and records, 21% of the EEI dues associated with
3 lobbying and legislative activity. These costs were recorded below the line and the
4 Company is not asking for recovery of those costs in this case. As such, the Company
5 did not include any discussion regarding EEI in its Direct Testimony as the test year was
6 already reflective of an annual cost. Staff has filed testimony rejecting these costs
7 because the Company has failed to provide and quantify the benefits of EEI membership.
8 EEI provides a significant benefit to KCP&L through the services it provides to the
9 Company. Placing a dollar value on these services would be extremely difficult task to
10 undertake. Yet, as can be seen from the listing of beneficial services discussed above, the
11 benefits of participation in EEI are far reaching and outweigh the cost of the EEI dues.
12 Thus, the Commission should provide cost recovery of the portion of EEI dues that
13 provide beneficial regulatory services as the Company has already properly separated the
14 cost in the test year books and records.

15 **Q: Staff also removed the cost of dues to community development organizations such as**
16 **the Missouri Chamber of Commerce and Industry and individual city and regional**
17 **chambers of commerce. Do you agree with this adjustment??**

18 **A:** No. KCP&L makes membership due payments to approximately 140 chambers and
19 economic development entities throughout its service territory which includes 47
20 counties. While the span and size of these agencies vary greatly, as do the communities
21 they serve, within each agency's mission is supporting businesses and local economies.
22 Historically the Commission has allowed for these dues payments. Please see the
23 testimony of Company witness Ronald Klote for an explanation of this.

1

2 **Q: Please explain why you disagree with the Staff's disallowance of dues paid to**
3 **various organizations listed?**

4 A: Attached to my testimony is Schedule ED-1 which provides the organizations listed in
5 Staff's dues and donations disallowance calculation. They can be grouped into four
6 categories which provide benefits to KCP&L's organization and ultimately to ratepayers.

- 7 1. Dues paid to economic development agencies and chambers of commerce.
- 8 2. Dues paid to energy associations and other regulatory groups.
- 9 3. Dues paid to help conserve and protect natural resources.
- 10 4. Dues paid in support of local facilities that attract tourism and support local
11 economies.

12 **Q: Please explain how each group provides benefit to both KCP&L and ratepayers.**

13 A: The following provide the benefits of each grouping.

- 14 1. Dues paid to economic development agencies and chambers allow these groups to
15 support the businesses within their own communities. They provide business
16 planning, economic development tools to retain, attract and expand business,
17 networking among other services. These types of dues enhance the Kansas City area
18 and bring new business and jobs to the region.
- 19 2. Dues paid to energy associations and other regulatory groups similar to EEI discussed
20 above allow KCP&L the ability to maintain and protect the utility infrastructure while
21 also providing safe and reliable service to ratepayers. In addition, these same types of
22 dues allow the Company timely access to environmental regulations for compliance
23 purposes and provide a clean energy source to ratepayers.

1 3. Dues paid to environmental agencies help conserve and protect natural resources.
2 Examples include land preservation and enhancement, recycling efforts,
3 comprehensive tree placement and energy and water conservation.

4 4. Dues paid in support of local attraction facilities enhances Kansas City's image as a
5 regional, national and global destination point and brings tourism dollars to the
6 Kansas City Area.

7 **Q: Are there other examples of dues included on Staff's list that provide benefit?**

8 A: Yes. For example, the Hawthorn Foundation is a non-partisan, non-political organization
9 of Missouri-based businesses and community leaders in statewide business recruitment,
10 retention and development efforts. Its main activities include international trade mission
11 support resulting in trade agreements with other regions, economic development
12 marketing and business recruitment through the Missouri Partnership; support for the
13 expansion of Missouri's Innovation Campuses and support/advocacy for the Department
14 of Defense economic footprint in Missouri. Our membership investment provides
15 support for the efforts focused on the attraction of new business/KCP&L customers. The
16 potential new load from these customers benefits the entire customer base by improving
17 the overall load curve which allows our system to perform more efficiently.

18 **Q: In summary, should Staff's disallowance of various dues and donations be accepted**
19 **by this Commission?**

20 A: No. KCP&L's dues go directly to the products and services these chambers and
21 economic development entities provide their communities. Increased economic growth
22 benefits KCP&L customers by increasing the tax base which supports, maintains, and
23 improves local infrastructure, such as roads, parks, libraries, and emergency medical

1 services. Increased economic growth supports job development, retention and attraction,
2 business retention and economic diversification. The membership dues provided in
3 KCP&L's cost of service are an important part of the overall cost of service of the
4 Company and Staff's disallowance should not be accepted in this case.

5 **Q: Does that conclude your testimony?**

6 **A:** Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF ELIZABETH DANFORTH

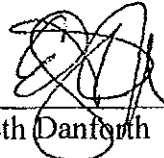
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Elizabeth Danforth, being first duly sworn on his oath, states:

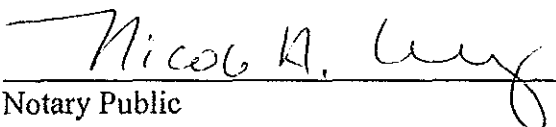
1. My name is Elizabeth Danforth. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director of Public Affairs.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of eight (8) 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.


Elizabeth Danforth

Subscribed and sworn before me this 30th day of December, 2016.


Notary Public

My commission expires: Feb. 4, 2019

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2019
Commission Number: 14391200

KCPL-MO Test Year Dues - By Category, with Explanation of Benefits Listed in Testimony	
	Supplement to Testimony (unless otherwise noted)
1) Economic Development Agencies and Chambers of Commerce	
ATCHISON COUNTY	Please see testimony for full explanation of benefits to ratepayers
BENTON COUNTY	
CHAMBER OF COMMERCE OF GREATER KC	
CITY OF PLEASANT HILL	
CIVIC COUNCIL OF GREATER KC	
DOWNTOWN COUNCIL OF KANSAS CITY	
GREATER CLINTON AREA CHAMBER OF	
HARRISONVILLE AREA CHAMBER OF COMMERCE	
KANSAS CHAMBER OF COMMERCE	
KANSAS ECONOMIC PROGRESS COUNCIL	
KING CITY CHAMBER OF COMMERCE	
LEES SUMMIT CHAMBER OF COMMERCE	
LEES SUMMIT ECONOMIC DEVELOPMENT COUNCIL	
LEXINGTON AREA CHAMBER OF COMMERCE	
MAINCOR	
MARYVILLE CHAMBER OF COMMERCE	
MISSOURI CHAMBER OF COMMERCE & INDUSTRY	
MISSOURI MUNICIPAL LEAGUE	
NEVADA/VERNON COUNTY CHAMBER OF COM	
OAK GROVE CHAMBER OF COMMERCE	
PLATTE CITY AREA CHAMBER OF COMMERCE	
SAVANNAH CHAMBER OF COMMERCE	
SEDALIA AREA CHAMBER OF COMMERCE	
SMITHVILLE AREA CHAMBER OF COMMERCE	
ST JOSEPH AREA CHAMBER OF COMMERCE	
ST JOSEPH DOWNTOWN ASSOCIATION	
TRENTON AREA CHAMBER OF COMMERCE	
WARSAW AREA CHAMBER OF COMMERCE	
WESTON CHAMBER OF COMMERCE	
WINDSOR CHAMBER OF COMMERCE	
ASSOCIATED INDUSTRIES OF MISSOURI	AIM works to create a favorable climate for Missouri business, manufacturing and industry through communications, education and advocacy before the legislature, administrative agencies and the public.
HAWTHORN FOUNDATION	Please see testimony for full explanation of benefits to ratepayers
2) Energy Associations and Other Regulatory Groups	
EDISON ELECTRIC INSTITUTE	Please see testimony for full explanation of benefits to ratepayers
ELECTRIC DRIVE TRANSPORTATION ASSOC	The Electric Drive Transportation Association (EDTA) is the trade association promoting battery, hybrid, plug-in hybrid and fuel cell electric drive technologies and infrastructure. EDTA conducts public policy advocacy, provides education and awareness, and enables industry networking and collaboration.
3) Organizations that Help Conserve and Protect Natural Resources.	
NATURE CONSERVANCY - Missouri Chapter	The Nature Conservancy is dedicated to the protection and enhancement of our state's natural resources including forests, prairies, rivers, streams and other natural areas. KCP&L's dues payment to TNC - MO has helped this agency protect more than 150,000 acres of our state's natural treasures, including the forests and rivers of the Missouri Ozarks and the vast sea of prairie in the Grand River Grasslands. This in turn attracts visitors and tourism to the state supporting our state's economy.
4) Support for Local Facilities	
HARRY S TRUMAN LIBRARY INSTITUTE	Dues support of this foundation enhances Kansas City and brings tourism and dollars to the area.
KAUFFMAN CENTER FOR THE PERFORMING ARTS	Dues support of this foundation enhances Kansas City and brings tourism and dollars to the area.
KEMPER MUSEUM OF CONTEMPORARY ART	Dues payment in support of the Kemper Museum's efforts as a regional, national and global destination point. Dues support of this facility enhances Kansas City and bring tourism and dollars to the area.
NATIONAL WORLD WAR I MUSEUM	Dues support of this foundation enhances Kansas City and brings tourism and dollars to the area.
NELSON GALLERY FOUNDATION	Dues payment in support of the Nelson Atkins Museum of Art's efforts as a regional, national and global destination point. Dues support of this facility enhances Kansas City's image and brings tourism and millions of dollars to the area.
UNION STATION KANSAS CITY INC	Dues support of Union Station has helped preserve this historic landmark, draw visitors to the site and enhances Kansas City and brings tourism and dollars to the area.
Other:	
BOYS & GIRLS CLUBS	Charitable Contribution
BRIDGING THE GAP INC	Charitable Contribution

KCPL-MO Test Year Dues - By Category, with Explanation of Benefits Listed in Testimony	
	Supplement to Testimony (unless otherwise noted)
NONPROFIT CONNECT	Charitable Contribution
BOSTON COLLEGE	Charitable Contribution
UNIVERSITY OF MISSOURI	Charitable Contribution