

Exhibit No.:
Issues: *Report on Rate Design;
Overview of The Staff's Filing;
Policy*
Witness: *Natelle Dietrich*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2016-0156*
Date Testimony Prepared: *July 29, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

DIRECT TESTIMONY

OF

NATELLE DIETRICH

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2016-0156

Jefferson City, Missouri
July 2016

1 **DIRECT TESTIMONY**

2 **OF**

3 **NATELLE DIETRICH**

4 **KCP&L GREATER MISSOURI OPERATIONS COMPANY**

5 **CASE NO. ER-2016-0156**

6 Q. Please state your name and business address.

7 A. My name is Natelle Dietrich. My business address is 200 Madison Street,
8 Jefferson City, MO 65101.

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

10 A. I am employed by the Missouri Public Service Commission (Commission) as
11 Commission Staff Director.

12 Q. Have you provided your educational background and work experience in this file?

13 A. Yes. My educational and work experience is included in my Direct Testimony
14 filed in this case with Staff's Revenue Requirement Cost-of-Service Report on July 15, 2016.

15 **EXECUTIVE SUMMARY**

16 Q. What is the purpose of this direct testimony?

17 A. The purpose of this testimony is to sponsor the Staff's recommended rate design
18 as developed by Staff and described in the Rate Design Report that is filed concurrently with this
19 direct testimony. The Rate Design Report also includes Staff's recommendations concerning
20 GMO's Fuel and Purchased Power Clause and other tariff provisions.

21 **RATE DESIGN**

22 Q. What is Staff's rate design recommendation in this case?

1 A. Staff recommends the same rates apply to similarly-situated customers without
2 regard for that customer's geographic location in GMO's service territory. This would eliminate
3 the use of GMO's current distinction in rate structures and rate designs for customers located in
4 the MPS rate district and customers located in the L&P rate district.

5 Q. Did the Commission order GMO to study the impacts of eliminating GMO's rate
6 districts in its last general rate case, Case No. ER-2012-0175?

7 A. Yes. The Commission incorporated in its November 7, 2012, *Order Incorporating*
8 *Unopposed Non-Unanimous Stipulations and Agreements*, the *Non-Unanimous Stipulation and*
9 *Agreement as to Certain Issues* filed October 19, 2012 in Case Nos. ER-2012-0174 and
10 ER-2012-0175, as modified. On pages 10 – 11 of that stipulation, the parties agreed that:

11 GMO will perform, prepare and file in its general electric rate case the
12 results of a comprehensive study on the impacts on its retail customers
13 of eliminating MPS and L&P rate districts and implementing company-
14 wide uniform rate classes, and rates and rate elements for each rate
15 class, taking into account the potential future consolidation of GMO
16 rates with those of KCPL. In this study, GMO will provide a
17 distribution of rate impact on each of its customers of moving from
18 MPS to L&P rate structures, and rate elements, and likewise, from L&P
19 to MPS rate structures, and rate elements. If GMO would prefer a class
20 rate structure that is different from a current MPS or L&P class rate
21 structure, then individual customer impacts should be provided for the
22 rate structure that GMO proposes.

23 Q. Did GMO perform the studies?

24 A. Yes.

25 Q. Did GMO propose to implement consistent rates for similarly situated customers
26 without regard for that customer's geographic location?

27 A. Yes. Included in this rate request, GMO requested comprehensive changes to its
28 rate structure and rate design.

1 Q. To implement consistent rates for similarly situated customers across GMO's
2 service territory, is it necessary to modify GMO's currently tariffed rate structures?

3 A. Yes. While only minimal changes to GMO's residential customers' rate structure
4 would be necessary, the changes to GMO's General Service and Large Power rate structures
5 including minimum demand and charge types are more significant.

6 Q. Did Staff perform a Class Cost of Service Study in this case?

7 A. No. As discussed in the Rate Design Report, the significant changes proposed by
8 GMO to the non-residential service classifications result in current class-level information that is
9 unreliable for producing a cost-of-service study of the proposed classes.

10 Q. In the absence of a Class Cost of Service study, what is the basis for Staff's rate
11 design recommendation?

12 A. Staff recommends for this case that the rate design prioritizes minimization of
13 customer impact as customers are migrated to new rate classifications and billing determinants
14 are established. In light of the comprehensive nature of GMO's proposal, Staff will identify
15 areas of concern and explain recommended refinements to GMO's proposal, as opposed to
16 providing a ground-up Staff proposal for rate consolidation. This approach is necessary for Staff
17 to have reasonable confidence in the billing determinants calculated to result from the changes in
18 rate structure. Customer movement to final rate schedules hinges on the Commission's decision
19 on rate design and revenue requirement, which cannot be known until after the Report and Order
20 is issued. Further details and recommendations are provided in the Report.

21 Q. Does this conclude your direct testimony?

22 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW NATELLE DIETRICH and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing DIRECT TESTIMONY; and that the same is true and correct according to her best knowledge and belief.

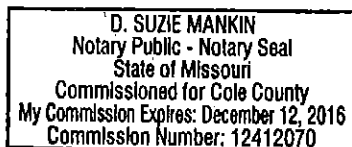
Further the Affiant sayeth not.

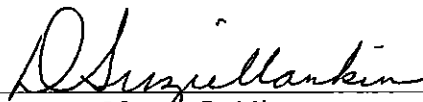


NATELLE DIETRICH

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29th day of July, 2016.





Notary Public