BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

DIRECT TESTIMONY OF

BRUCE AKIN

ON BEHALF OF
WESTAR ENERGY, INC.

IN THE MATTER OF THE JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & LIGHT COMPANY, AND WESTAR ENERGY, INC. FOR APPROVAL OF THE MERGER OF WESTAR ENERGY, INC. AND GREAT PLAINS ENERGY INCORPORATED

DOCKET NO. 18-KCPE-095-MER

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address and on whose behalf you are testifying.

A. Bruce Akin, 818 S. Kansas Avenue, Topeka, Kansas. I am testifying on behalf of Westar Energy, Inc. and Kansas Gas and Electric Company (referred to herein as "Westar") in support of the Application of Great Plains Energy Incorporated ("GPE"), Kansas City Power & Light Company ("KCP&L") and Westar (all parties collectively referred to herein as "Applicants") requesting approval of the amended transaction providing for the merger of Westar and GPE ("Merger").

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

A. I am employed by Westar. I am Senior Vice President, Power Delivery.

Q. Please describe your educational background and business experience.

A. I received a Bachelor of Business Administration degree with a major in Accounting from Washburn University in 1987 and a Master's Degree in Business Administration in 1998.

I have worked for Westar Energy for 30 years with broad experience across many functions in both administrative areas and utility operations. My present position is Senior Vice President of Power Delivery, which includes responsibility for all transmission, substation and distribution plant and operations.

Q. Have you previously testified before the Kansas Corporation Commission ("Commission")?

A. Yes, on more than one occasion, most recently in Docket No. 15-WSEE-115-RTS and Docket No. 11-KCPE-581-PRE.

Q. How is your testimony organized?

A. My testimony includes the following:

- **Section II** describes the Applicants' commitments to service quality set forth in commitment number 33 of the proposed Merger Commitments and Conditions found in Appendix H to the Application ("Commitment No. 33"). Section II also explains how we will ensure that the Merger will at least maintain the level of service experienced by Westar's or KCP&L's Kansas customers;
- **Section III** explains how the Merger satisfies Merger Standard (h), "what impact, if any, the transaction has on the public safety" outlined by the Commission in Docket No. 16-KCPE-593-ACQ in its Order issued August 9, 2016 ("16-593 Merger Standards Order")[1] and supports a finding by the Commission that the Merger is in the public interest; and
- In **Section IV**, I will provide brief conclusions.

[1] In the 16-593 Merger Standards Order, the Commission reaffirmed the Merger Standards adopted in its Order issued Nov. 14,1991 in Consolidated Dockets 172,745-U and 174,155-U, as later modified in the September 28, 1999 Order in Docket No. 97-WSRE-676-MER.

II. MERGER IMPACT ON SERVICE QUALITY AND THE SERVICE QUALITY COMMITMENTS

Q. How will the Merger affect the quality of service KCP&L and Westar provide to their Kansas customers?

A. The Merger will enable the combined organization to maintain or, over the longer term, potentially provide even higher service quality. In the Commission's April 2017 order rejecting the proposed acquisition of Westar by GPE presented in Docket No. 16-KCPE-593-ACQ ("Initial Transaction" and "Initial Transaction Order") the Commission stated, "Both KCP&L and Westar have a long history of providing sufficient and efficient service in Kansas."[2] The Applicants are committed to continuing and potentially even enhancing over the long term the reliability and quality service the utilities have provided in the past, in large part because our customers demand it.

Q. What can customers of KCP&L and Westar expect following the Merger?

A. We will continue to serve customers safely, effectively, reliably, and ultimately more efficiently. Customers will also experience little if any change in their day-to-day interactions with their electric service provider. Following the Merger, the Applicants will continue to operate the existing Westar contact center in Wichita and the existing KCP&L contact center in Raytown, Missouri. In addition, we will establish new walk-in customer service centers in Wichita and Topeka.

[2] Initial Transaction Order, ¶ 5.

Q. How will the Merger enable a maintaining of or improvement in service quality over the longer term?

A: Over the longer term, there will be a positive impact on KCP&L's and Westar's customers as we integrate GPE and Westar. The Merger will provide the opportunity for all of the Applicants' utility subsidiaries to draw on the strengths of one another, access each other's resources, and assess and adopt best practices across all operating areas to serve our customers even more efficiently and effectively. These best practices include engineering designs and restoration practices to be used by the combined entity. In addition, there are opportunities to connect our distribution systems together where our service territories align with each other to improve redundancy and reliability in a cost-efficient manner.

Q. What is the purpose of the service quality Commitment No. 33?

A. As has occurred in prior Kansas mergers, the Applicants proffer this service quality commitment as a means to assure customers and the Commission that service quality will not decline due to the Merger, by imposing reporting requirements on key service quality metrics and subjecting KCP&L and Westar to penalties for failure to meet performance thresholds on those metrics.

Q. Are Westar and KCP&L currently subject to service quality reporting requirements?

A. Yes. Both utilities are subject to reporting standards today, but those are not tied to potential penalties such as those proposed in the Commitments and Conditions in this Merger. The Commission implemented a mechanism to monitor system reliability and impacts to customer service in Docket No. 02-GIME-365-GIE.[3] Pursuant to that docket, Westar and KCP&L are required to file an annual report setting forth reliability metrics,

[3] Reporting began in 2006, based on 2005 data.

outage information, and make an accounting of worst performing circuits. This reporting requirement will continue following the Merger, thus providing the Commission a clear measure of KCP&L's and Westar's service quality following the Merger.

Q. Have the Applicants considered the precedent from prior Kansas mergers when developing Commitment No. 33?

A. Yes. This service quality commitment reflects precedent from a number of Kansas merger dockets with quality of service commitments, including: the quality of service commitments approved by the Commission when it approved GPE's acquisition of Aquila[4] ("Aquila S&A"); the quality of service commitments in the settlement agreement in the OneGas reorganization docket ("OneGas S&A")[5]; and the service quality commitments approved by the Commission in the recent Algonquin/Empire transaction ("Empire S&A").[6] These three major precedents were considered when developing the service quality commitment in the Initial Transaction proceeding, and we have retained this commitment in the current Merger.

Q. How did the prior precedent inform Commitment No. 33?

The precedent informed the development of this commitment in two primary ways. First, the precedent demonstrates that the purpose of these service quality related provisions is to prevent a deterioration of, but not require an improvement in, service quality, from a merger or similar transaction. All these provisions are designed using a baseline of past performance on key metrics and imposing penalties if a utility falls below certain

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[4] Docket No. 07-KCPE-1064-ACQ, Joint Motion and Settlement Agreement filed Feb. 28, 2008, Attachments 1, 2 and 3.

[5] Docket No. 14-KGSG-100-MIS, Joint Motion for Approval of Unanimous Settlement Agreement, filed Dec. 4, 2013, Schedule 1.

[6] Docket No. 16-EPDE-410-ACQ, Joint Motion for Commission Approval of Unanimous Settlement Agreement, filed Oct. 6, 2016, Exhibit A, Unanimous Settlement Agreement at 12-14.

thresholds based on that past level of performance in the future. Commitment No. 33 is similarly designed to prevent deterioration, but not require improvement, in service quality.

Second, the Applicants adopted specific design features of the mechanisms approved in these cases. Thus, Commitment 33 establishes reporting requirements to monitor one or more reliability and/ or call center metrics, bases metric thresholds on past performance that the post-merger utilities must meet, and specifies penalty amounts to be paid in the event a utility does not meet the threshold levels over the course of a given year. In addition, allowances are made for significant events that are outside of the utilities' control. Finally, each of the mechanisms from these other cases includes a time frame and opportunity for elimination of the penalty and reporting provisions if, after the merger, the applicable utilities can demonstrate consecutive years of meeting the thresholds.

Q. Please describe Commitment No. 33.

Pursuant to Commitment No. 33, the Applicants will report on and be subject to penalties for performance regarding four service quality metrics, two related to electric service reliability performance and two related to call center performance.

The two service reliability performance metrics are the system average interruption duration index ("SAIDI") and the system average interruption frequency index ("SAIFI"). SAIDI measures the average outage duration in minutes for each customer served over a year, and the SAIFI measures the average number of interruptions each customer experiences in a year. SAIDI and SAIFI are used to assess the reliability of the electric system under normal conditions. Abnormal events beyond the control of KCP&L and Westar, such as acts of nature like significant ice storms or tornadoes that cause significant damage to the electric grid, are excluded from annual SAIDI and SAIFI statistics. This is a standard industry practice because one such event could significantly skew the annual results, and thus give an inaccurate picture of the overall level of reliability. SAIDI and SAIFI are calculated using the Institute of Electrical and Electronics Engineers ("IEEE") 1366 standard, which is the industry standard methodology.

The two call center performance metrics are the abandoned call rate ("ACR") and the agent service level ("ASL"). ACR means the percentage of total customer service representative (agent) calls received by the company's call center that are abandoned by the customer before speaking to an agent. ASL means the percentage of total calls entering the customer service representative (agent) queue that are answered within 20 seconds.

Similar to both the Empire S&A and the Aquila S&A, the performance metric reporting requirements and associated penalty provisions terminate for each of the utilities if it performs with no penalties imposed for three consecutive calendar years.[7, 8] This would be determined separately for each of the four metrics for each utility, *i.e.*, KCP&L and Westar.

Exhibits BA-1 through BA-5 detail the provisions of this commitment, including definitions, parameters, penalty threshold levels and penalty amounts for each of the proposed metrics.

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[7] See Docket No. 16-EPDE-410-ACQ, Joint Motion for Commission Approval of Unanimous Settlement Agreement, filed Oct. 6, 2016, Exhibit A, Unanimous Settlement Agreement, at 14, ¶ 54. Also see, Docket No. 07-KCPE-1064-ACQ, Joint Motion and Settlement Agreement, Attachment 2, at 5.

[8] The 2014 OneGas reorganization docket, which had similar service metrics and penalty provisions, required only two consecutive compliance years with no penalties before the penalty provisions terminate. Docket No. 14-KGSG-100-MIS, Joint Motion for Approval of Unanimous Settlement Agreement, Schedule 1 to Unanimous Settlement Agreement, filed Dec. 4, 2013.

Q. Please describe the penalty provisions in Commitment No. 33.

A. KCP&L and Westar would be subject to progressive penalties for degradation in their performance relative to each of these four standards as incentives to meet them. The penalty provisions would begin with the first full calendar year following close of the Merger.

Exhibits BA-1, BA-2, and BA-3 set forth the details of the penalty provisions, including the maximum possible annual penalties of $3,528,000 for KCP&L and $8,800,000 for Westar. Exhibits BA-2 and BA-3 show the breakdown of the total penalty amounts by utility and by metric.[9] Three performance thresholds are set for each metric with the maximum potential annual penalty for that metric applied at one-third for the first penalty threshold, two-thirds for the second penalty threshold and 100 percent for the third penalty threshold.

Each utility would also have the opportunity to petition the Commission to relieve the payment of any penalty by demonstrating that any extraordinary event reasonably beyond the utility's control prevented the utility from meeting any standard. As noted above, if KCP&L or Westar provide service sufficient to avoid having to pay performance penalties for any performance metric any three consecutive years,[10] the penalty provisions for that performance metric for the complying utility would be eliminated for that utility.

[9] This maximum potential annual penalty is split between reliability and call center performance on a 75/25 basis respectively. The maximum potential annual penalties for the ACR and ASL metrics apply on a 40/60 basis and for the SAIFI and SAIDI metrics on a 40/60 basis.

[10] The first year would begin with the calendar quarter that the performance standards first apply, *i.e.*, the first full calendar quarter after the Merger closes.

Q. How were the performance thresholds and penalties calculated for the reliability metrics?

A. The Applicants calculated the reliability thresholds in a manner similar to that of the recent Empire S&A. The Applicants applied the same procedure used in the Empire S&A for Westar, *i.e.*, basing the thresholds on the most recent three-year SAIDI and SAIFI performance data. The penalty structure reflects increasing threshold values that are initially set by applying progressive percentages to Westar's 2014-2016 historical averages for SAIDI and SAIFI, resulting in a difference or "delta" between the historical three-year average and the penalty thresholds.[11] The delta between the Westar historical average and each penalty threshold is also used with the KCP&L historical average SAIDI and SAIFI values to determine the penalty thresholds for KCP&L. This is exemplified by the calculation of the first penalty threshold of 10 percent. A 10 percent degradation in the value of SAIDI from the 2014-2016 average for Westar equates to approximately 13 minutes. KCP&L's first penalty threshold is also set at a 13-minute degradation from its 2014-2016 average SAIDI value.

Q. Why is it reasonable for the Applicants to set KCP&L's reliability metric thresholds based on data from Westar?

A. This methodology establishes a consistent level of degradation required to incur penalties for each company. Analysis of both companies' historical reliability performance reveals that KCP&L's reliability statistics reflect higher percentage variability than Westar's reliability statistics and lower SAIDI and SAIFI.[12] This difference in SAIDI and SAIFI

[11] The penalty thresholds for Westar are set at 10, 15, and 20 percent above the three-year average.
[12] EEI 2016 Reliability Survey Report, published August 2017, at 4.

between the two companies is attributable to the difference in service territories, with Westar being more rural than KCP&L. The higher percentage variability does not imply that KCP&L's performance is worse. KCP&L has provided top quartile reliability to its customers in Kansas for decades with few exceptions. In the EEI 2016 Reliability Survey Report, first quartile was defined by any utility's normalized SAIDI that was below 84.18 minutes and normalized SAIFI below 0.87. KCP&L's 2016 year-end Kansas SAIDI was 75.31 minutes and SAIFI was 0.76, once again placing KCP&L in the top quartile. KCP&L is a top-performing utility in reliability.[13]

KCP&L's lower SAIDI and SAIFI values result in a more pronounced impact in terms of greater variability on a percentage basis, from weather and other events outside of its control. This may be illustrated by considering a hypothetical utility with an average annual SAIDI of 50 minutes; assuming the penalty threshold was set at 10 percent, the utility would experience a penalty if its SAIDI increased by five minutes beyond the average (10 percent of 50 is five), *i.e.*, to 55 minutes. If another hypothetical utility had an average SAIDI of 100 minutes, that utility would experience a penalty if its SAIDI increased by 10 minutes (10 percent of 100 is 10), *i.e.*, to 110 minutes. In this example, the first utility would face more stringent penalties simply because it had better reliability as shown by a lower (*i.e.*, better) average SAIDI, which is not reasonable.

Another important dynamic illustrated by this example is that the first utility would have the incentive to increase its spending to further improve reliability in order to avoid penalties, even though its reliability is already exceptionally strong. This could result in

[13] Ibid

the utility increasing its costs to provide reliability, which ultimately are recovered from customers, beyond the level that customers that would find appropriate and of value.

Setting the penalty thresholds in this manner is a reasonable approach to recognize the annual variation of KCP&L's statistics that has prevailed over many years.

Q. How will Commitment No. 33 reinforce KCP&L's and Westar's commitment to maintaining reliability of service levels?

A. SAIDI, which represents outage duration, and SAIFI, which represents outage frequency, are two primary measures of the electric service reliability that customers care about.[14] The penalty thresholds are significant and will provide motivation to the Applicants to maintain service levels so as not to incur these penalties. The exposure to penalties for failure to meet these performance thresholds will be a significant factor for KCP&L and Westar as they effectuate savings opportunities after the Merger closes.

Q. How were the performance thresholds and penalties calculated for call center metrics?

A. The Applicants also calculated the call center performance thresholds in a manner similar to that of the recent Empire S&A. The Applicants include the same set of threshold values for both KCP&L and Westar. Those threshold values were developed based upon an average of KCP&L's historical call center data for the years 2014-2016. KCP&L's historical call center averages were used as the basis because Westar does not currently

[14] The Aquila S&A similarly based its penalty provisions on SAIDI and SAIFI. While the Empire S&A also included customer average interruption index ("CAIDI"), CAIDI is simply a function of SAIDI and SAIFI (i.e., it is determined by dividing SAIFI into SAIDI). As such, penalties on CAIDI would be repetitious of penalties on SAIDI and SAIFI and would not provide any additional benefit. Moreover, if SAIFI improves more quickly than SAIDI improves, CAIDI gets worse; inclusion of CAIDI subjects companies to penalties even if both SAIDI and SAIFI are improving.

have historical data to support developing a threshold value that reflects reporting of ASL in 20 seconds.

Q. Does Westar currently track ASL using a 20-second threshold?

A. Yes. Westar has historically tracked ASL using a 30-second response time threshold, but began tracking using 20-second response time threshold in the beginning of 2017. KCP&L has for many years and currently tracks ASL using a 20-second response time threshold. To ensure consistency of these tracking mechanisms, the Applicants propose for Westar to continue using the 20-second threshold.

Q. How will the ASL and ACR metrics motivate KCP&L and Westar to maintain customer service levels?

A. The Applicants propose to track, report on, and be subject to penalties on the ASL and ACR call center statistics. These are primary industry indicators of call center performance and will be measured and reported separately for KCP&L and Westar. The exposure to penalties for failure to meet these performance thresholds will be a significant factor for KCP&L and Westar as they effectuate savings opportunities after the Merger closes.

Q. Why is three years an appropriate period of time for the reporting and penalty provisions to terminate?

A. It is important to remember that the penalty provisions terminate only after three consecutive years of meeting or exceeding the standards. Three years is a reasonable period of time to demonstrate sustaining commitments to service quality after a combination, as KCP&L proved in the Aquila docket. Going beyond this simply increases the burden on both the companies and Commission Staff while providing little, if any, additional value. This structure is a powerful incentive for Applicants to ensure that the performance targets are achieved in the first three years after the Merger closes. Further, the reporting requirements under the 02-365 Docket would continue for both KCP&L and Westar even after the Merger specific reporting requirements terminate.

III. MERGER STANDARD (h)

Q. Please restate Merger Standard (h).

A: Merger Standard (h) is "what impact, if any, the transaction has on the public safety."

Q. Please summarize your testimony regarding whether the Merger satisfies Merger Standard (h).

A: The Merger is expected to maintain, and possibly improve, the public safety. Therefore, the Merger satisfies Merger Standard (h).

Q: How will public safety be maintained or improved as a result of the Transaction?

A: By combining the companies and adopting "best practices" for both utilities, the Applicants expect a positive effect on safety for both the public and our employees. KCP&L has a good safety record and has performed at a high level in large construction projects, but Westar's safety record over last several years has outpaced KCP&L's. We expect to leverage best practices in this area across both companies in advancing our goal of becoming world class in safety performance. Additionally, as we improve the reliability of the combined system over time, we expect that public safety will also improve across the Applicants' territories.

Q: What was the Commission's concern regard Merger Standard (h) in the Initial Transaction Order?

A: In the Initial Transaction Order, the Commission expressed concern regarding Merger Standard (h) that the Initial Transaction could lead to utility spending below appropriate levels. Specifically, the Commission expressed concern that “additional cuts could come from spending on vegetation management and deferring maintenance and system improvements.”[15] The Commission concluded that the Initial Transaction could negatively impact public safety, and therefore did not satisfy Merger Standard (h).

Q: How does the Merger address these concerns?

A: Witnesses Bassham, Ruelle, Reed, and others describe how the Applicants have addressed the Commission’s financial concerns regarding the Merger. Overall, KCP&L’s and Westar’s concern for public and employee safety combined with the Commission’s regulatory oversight authority will ensure that safety is maintained. This Merger will lead to more efficient vegetation management, maintenance, system improvements, and other areas of utility operations that will positively impact public safety and ultimately lead to lower expenses that are paid for by our customers.

Q: Can you provide specific examples that illustrate that the Merger will maintain or improve public safety?

Yes. First, the savings analysis conducted by Mr. Busser does not include any savings related to reduction in the employment of utility linemen and women who play a key role in ensuring the reliability and safety of the electric system.

Second, proposed cost reductions in vegetation management programs, which are reflected in the savings analysis conducted by Mr. Busser, do not come from reducing safety precautions, but from efficiencies in how the program is staffed, managed and executed. These efficiencies do not result in fewer trees being trimmed or greater public exposure to tree-related outages or hazards.

[15] Initial Transaction Order, ¶ 88.

Third, both of the existing call centers will continue to operate post-Merger with the same emphasis on responsiveness to customer inquiries and the same 7x24x365 staffing for emergency calls.

Finally, as described above, the Applicants are proffering a commitment that will ensure that service quality does not deteriorate. Service quality and public safety in many ways overlap, and Commitment No. 33 reflects the Applicants commitment to ensuring that the public safety will not be negatively impacted as a result of the Merger.

IV. CONCLUSIONS

Q. Please summarize your conclusions.

A. The primary conclusions from my testimony are:

1) The Merger will maintain and over the longer term possibly improve the quality of service experienced by customers;

2) The Applicants service quality Commitment No. 33 is consistent with Kansas precedent and will ensure that there is no deterioration in service quality as a result of the Merger; and

3) The public safety will be maintained and possibly improved as a result of the Merger; this satisfies Merger Standard (h), and supports a finding that the Merger is in the public interest.

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Westar Energy, Inc. for Approval of the Merger of Wester Energy, Inc. and Great Plains Energy Incorporated	))))))	**Docket No. 18-KCPE-095-MER**

AFFIDAVIT OF BRUCE AKIN

STATE OF KANSAS)
) **ss**
COUNTY OF SHAWNEE)

Bruce Akin, being first duly sworn on his oath, states:

1. My name is Bruce Akin. I work in Topeka, Kansas, and I am employed by Westar Energy, Inc. as Senior Vice President of Power Delivery.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Westar Energy, Inc. consisting of fifteen (15) 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.

Bruce A. Akin
Bruce A. Akin

Subscribed and sworn before me this 18th day of August 2017.

NOTARY PUBLIC - State of Kansas
HOLLY L. GENNETTA
My Appt. Exp. 5/8/2019

Holly L. Gennetta
Notary Public

My commission expires: 5/8/2019

Docket No. 18-KCPE-095-MER

Kansas City Power & Light Company
and
Westar Energy, Inc.
Proposed Quality of Service Commitment
Reporting Definitions and Procedures

Reporting Provisions. KCP&L and Westar will file quarterly reports providing the Company's performance metrics as identified in the Tables in Exhibits BA-2 and BA-3.

The first quarterly report shall be for the first full calendar quarter ending after closing of the Transaction. Each quarterly report shall provide, for each identified performance metric, actual performance data for each of the months in the reporting calendar quarter plus performance data for any previously reported month in the reporting calendar year. The report will include a year-to-date value for the performance metrics for the months included in the report. For the purpose of these reporting requirements, calendar quarters are defined as the three-month calendar periods ending March 31, June 30, September 30, and December 31 of each year. Subsequent reports will be required for each successive calendar quarter, and each report will be due on the final day of the month following the end of the applicable quarter (*e.g.*, April 30, July 31, October 31, and January 31).

Definitions.

Agent Abandoned Call Rate (ACR): ACR means the percentage of total agent calls received by the Company's call center that are abandoned. The ACR is derived by dividing the number of abandoned calls by the sum of total agent answered calls and abandoned calls. Accepted return calls made by the Virtual Hold system are included in the ACR determination because they are placed in the agent queue before the call is answered. In cases when the caller requests a Virtual Hold return call but fails to accept the requested return call, the call is not included in the ACR determination because the call is not placed in the agent queue. When the caller requests a return call, the Company shall make a diligent effort to return each return call request by attempting to return the call until the Company either encounters an invalid or wrong caller-designated number, the return call respondent refuses to accept the return call by either hanging up before entering the agent queue or making a selection to cancel the return call.

- An abandoned call is a call received by the utility call center that is terminated by the caller before being answered by a utility representative.
- Total agent calls are all calls delivered to the queue for answering by an agent, and are comprised of the sum of agent answered calls and agent abandoned calls.
- Accepted return calls are calls returned by the Virtual Hold system that the respondent accepts by following the prompt to enter the agent queue.

Agent Service Level (ASL): ASL means the percentage of total calls entering the agent queue that are answered within twenty (20) seconds. An answered call is a call in which a representative is ready to render assistance or accept the information to properly handle the call. The 20-second period begins when the caller selects the option to speak to an agent. Accepted return calls made by the Virtual Hold system and entering the agent queue are counted. Accepted return calls are included at the time they are placed in the agent queue to be answered by an agent. Time spent in the Virtual Hold queue waiting off-line is not included, because that queue is optional to the customer.

System Average Interruption Duration Index (SAIDI): SAIDI is calculated in minutes per customer as defined in the Institute of Electric and Electronic Engineers (IEEE) Standard P1366, *Guide for Electric Distribution Reliability Indices*.

System Average Interruption Frequency Index (SAIFI): SAIFI is calculated in interruptions per customer as defined in the Institute of Electric and Electronic Engineers (IEEE) Standard P1366, Guide for Electric Distribution Reliability Indices.

Extraordinary Events: Certain extraordinary events affecting the Company's Kansas and/or Missouri electric operations may occur from time to time, which: (1) are beyond the control of the utility, such as an act of nature, and (2) may affect the utility's ability to meet the service metrics proposed. Upon the occurrence of an extraordinary event as that term is further defined below, the affected utility, KCP&L and/or Westar, shall document the event and its impact on the utility's customer operation or distribution operation performance, as applicable.

The term "extraordinary event" means an event beyond the control of the utility, which shall include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and people, acts, orders, laws or regulations of government authority, civil disturbances, explosions, breakage or accident to machinery or lines of pipe or electric supply lines, major events causing electric service interruptions, other than those caused by the utility's negligence, the necessity for making repairs or alterations to machinery, equipment or lines of pipe, freezing of lines of pipe or electric supply lines, which could not have been prevented by the utility's use of standard and customary industry practice, partial or entire failure of supply of natural gas or fuel which could not have been prevented by the utility's use of standard and customary industry practice, acts of independent and unaffiliated third parties which damage or interfere with the kind herein enumerated or otherwise beyond the control of the utility. If, using standard and customary industry practice, the utility could have avoided the extraordinary event, then the impact of such event will be considered in the measurement of the performance of the utility.

Implementation of New Customer Information Systems: KCP&L is scheduled to implement a new Customer Information System (CIS) in second quarter of 2018. Westar is anticipated to implement the new CIS at a later date yet to be determined. During implementation of the new CIS, call center performance is expected to decline as customer service representatives learn the new processes and system and/or as new system problems are identified and resolved. The impact of such implementation is likely to impact call center performance for up to six (6) months following the "Go Live" date for each CIS implementation. CIS implementation is a known event(s) that will impact call center performance metrics and must be adjusted out of the reported values similar to an Extraordinary Event.

Notification of Change in Call Center Operations. Thirty (30) days prior to the implementation or use of any new technology (*e.g.*, a virtual hold system) at any incoming call center to handle incoming calls for KCP&L and/or Westar Kansas electric retail customers, the affected utility will notify Staff in writing of such implementation or use. The purpose of this notification is to describe the technology and its application, and to prompt Staff to meet with KCP&L and/or Westar to address the proper accounting of calls addressed by the new technology in future performance reports. Thirty (30) days prior to implementation or use of a new incoming call center or outsourcing of incoming call center functions for Westar or KCP&L Kansas retail electric customers, to the affected utility will notify Staff in writing of such implementation or use. To the extent that KCP&L and/or Westar relies on additional call centers to address incoming calls from Westar or KCP&L Kansas retail electric customers, the affected utility will include ACR and ASL for the additional centers in its quarterly reports.

Elimination of Reporting and Penalty Provisions for Meeting Service Standards for Three Consecutive Calendar Years After Close of Transaction. After KCP&L and/or Westar provide sufficient service to avoid having to pay performance penalties for any three consecutive calendar year periods beginning after close of the Transaction for any defined metric for a utility, then the reporting requirements and penalty provisions for that service metric for that utility will be eliminated.

Reliability Metrics
Docket No. 18-KCPE-095-MER
Proposed Quality of Service Performance Metrics

	Distribution Operations			
	KCP&L KS Only			
	Reliability			
	IEEE Normalized SAIDI (minutes)		IEEE Normalized SAIFI (interruptions)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		1,587,600		1,058,400
Threshold 1	93	529,200	0.89	352,800
Threshold 2	100	1,058,400	0.96	705,600
Threshold 3	106	1,587,600	1.03	1,058,400

Maximum Potential Annual Penalty KCP&L-KS: $2,646,000

	Distribution Operations			
	Westar Only			
	Reliability			
	IEEE Normalized SAIDI (minutes)		IEEE Normalized SAIFI (interruptions)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		3,960,000		2,640,000
Threshold 1	137	1,320,000	1.46	880,000
Threshold 2	143	2,640,000	1.53	1,760,000
Threshold 3	150	3,960,000	1.60	2,640,000

Maximum Potential Annual Penalty Westar: $6,600,000

Note 1: Normalization methodology for all metrics is based on IEEE 1366 exclusion criteria.

Note 2: Value of Measure for Reliability metrics are based upon 2014-2016 average.

Customer Contact Metrics
Docket No. 18-KCPE-095-MER
Proposed Quality of Service Performance Metrics

	Customer Operations			
	Total Company - KCP&L			
	Call Center			
	Abandoned Call Rate (%)		Agent Service Level (%/20 seconds)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		352,800		529,200
Threshold 1	4.1%	117,600	66%	176,400
Threshold 2	4.3%	235,200	62%	352,800
Threshold 3	4.4%	352,800	58%	529,200

Maximum Possible Annual Penalty KCP&L-KS: $882,000

	Customer Operations			
	Total Company - WESTAR			
	Call Center			
	Abandoned Call Rate (%)		Agent Service Level (%/20 seconds)	
	Value of Measure	Penalty ($)	Value of Measure	Penalty ($)
Maximum Penalty		880,000		1,320,000
Threshold 1	4.1%	293,333	66%	440,000
Threshold 2	4.3%	586,667	62%	880,000
Threshold 3	4.4%	880,000	58%	1,320,000

Maximum Possible Annual Penalty KCP&L-KS: $2,200,000

Proposed Reporting Format - Reliability
[Year] Quality of Service Reliability Statistics

Kansas City Power & Light Company
Reliability Data
[Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date
IEEE 1366 Normalized SAIDI													
IEEE 1366 Normalized SAIFI													

Westar Energy, Inc
Reliability Data
[Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date
IEEE 1366 Normalized SAIDI													
IEEE 1366 Normalized SAIFI													

NOTES:
1. All metrics are normalized using IEEE 1366
2. Metrics represent transmission and distribution reliability for Kansas customers only.

[Year] Quality of Service Statistics

KCP&L Customer Contact Center Statistics*

Monthly Regulatory Reporting [Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date*
Abandoned Call Rate													
Service Level-Total Agent													

Westar Customer Contact Center Statistics

Monthly Regulatory Reporting [Year]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year to Date*
Abandoned Call Rate													
Service Level-Total Agent													

Abandoned Call Rate	Total Center Agent Abandoned (ACR)
Service Level-Cust Service	Total Center Agent Service Level (ASL)

*Methodology for Year-to-Date Numbers
Retrieved for the reported periods from CMS, not an average
Retrieved for the reported periods from CMS, not an average