Exhibit No.:
Witness: Maurice Brubaker
Type of Exhibit: Rebuttal Testimony
Issue: Jurisdictional Allocations
Sponsoring Parties: Praxair, Inc. and Missouri Industrial Energy Consumers
Case No.: ER-2006-0314

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Begin the Implementation of Its Regulatory Plan	)	**Case No. ER-2006-0314**

Rebuttal Testimony and Schedules of

Maurice Brubaker
on Revenue Requirement Issues

On Behalf of

Praxair, Inc. and
Missouri Industrial Energy Consumers

September 8, 2006

BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000

Project 8544

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company for Approval to Make Certain Changes in its Charges for Electric Service to Begin the Implementation of Its Regulatory Plan	)	**Case No. ER-2006-0314**

STATE OF MISSOURI)
) **SS**
COUNTY OF ST. LOUIS)

Affidavit of Maurice Brubaker

Maurice Brubaker, being first duly sworn, on his oath states:

1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 1215 Fern Ridge Parkway, Suite 208, St. Louis, Missouri 63141-2000. We have been retained by Praxair, Inc. and Missouri Industrial Energy Consumers in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on revenue requirement issues which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2006-0314.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things it purports to show.

Maurice Brubaker

Subscribed and sworn to before this 7th day of September 2006.

CAROL SCHULZ
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: Feb. 26, 2008

Notary Public

My Commission Expires February 26, 2008.

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Rebuttal Testimony of Maurice Brubaker

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Maurice Brubaker. My business address is 1215 Fern Ridge Parkway, Suite 208, St. Louis, Missouri 63141-2000.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation and president of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q HAVE YOU PREVIOUSLY FILED REVENUE REQUIREMENT TESTIMONY IN THIS PROCEEDING?

A Yes. I filed revenue requirement testimony on August 8, 2006. (I also filed direct testimony on cost of service, revenue allocation and rate design on August 22, 2006.)

Q DO YOUR QUALIFICATIONS APPEAR IN YOUR PRIOR TESTIMONY?

A Yes. My qualifications appear as Appendix A to my direct testimony on revenue requirement issues.

Q WHAT REVENUE REQUIREMENT ISSUES ARE YOU ADDRESSING IN THIS REBUTTAL TESTIMONY?

A I address two methods utilized by KCPL in its jurisdictional study to allocate costs and revenues among the Missouri retail jurisdiction, the Kansas retail jurisdiction and the FERC jurisdiction.

Q DOES THE FACT THAT YOU ARE NOT ADDRESSING ANY OTHER REVENUE REQUIREMENT ISSUE CONSTITUTE AN ENDORSEMENT OF ANY PARTICULAR POSITION ON THOSE MATTERS NOT ADDRESSED?

A No.

Q PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A My rebuttal testimony may be summarized as follows:

1. KCPL's demand costs allocation methodology applied to generation and transmission does not give appropriate recognition to the summer peaking characteristics of the system. The result is to over-allocate costs to the Missouri jurisdiction. Instead of KCPL's 12 monthly coincident peak allocation method, the four coincident peak allocation method used by Commission Staff witnesses is appropriate.

2. KCPL's allocation methodology for imputed profits from off-system sales is not supported. The energy allocation method employed by Commission Staff witnesses is more appropriate and should be adopted.

Q WHAT METHODOLOGY FOR ALLOCATING DEMAND-RELATED GENERATION AND TRANSMISSION COSTS AMONG JURISDICTIONS DID KCPL EMPLOY?

A As discussed in the direct testimony of KCPL witness Don Frerking, KCPL used the average contributions of the Missouri jurisdiction to KCPL's 12 monthly system peaks. This methodology gives weighting to demands in every month of the year, despite the fact that demands in many months of the year are significantly below the peak

summer levels. This approach allocates more costs than appropriate to the Missouri retail jurisdiction, which has an above-average load factor.

Schedules 1 and 2 attached to my direct testimony on cost of service, revenue allocation and rate design show the total company and also the Missouri jurisdictional monthly peaks for the 12 month period ended September 30, 2005 that was used for class cost of service purposes.

Attached hereto as Schedules 1 and 2 to this rebuttal testimony is a similar presentation which shows the peak loads of KCPL in total, and also the loads of the Missouri jurisdiction as those loads were used in the June 2006 updated revenue requirement studies. As expected, the pattern is the same, and summer peak loads predominate.

Q PLEASE EXPLAIN THE RELEVANCE OF KCPL'S MONTHLY LOAD CURVE AS IT APPLIES TO THE CONSTRUCTION OF PRODUCTION AND TRANSMISSION FACILITIES.

A As explained in my previously filed rate design testimony, the electric industry is unique in that electricity cannot be stored and must be produced as it is demanded by the customer. Because of the inability to store electricity, production and transmission plant must be sized to meet the maximum demand imposed on these facilities. Given this basic concept, it is clear that KCPL's production and transmission facilities have been constructed to meet its predominantly summer peak.

Q THIS BEING THE CASE, WHAT ALLOCATION METHODOLOGY SHOULD BE APPLIED FOR DEMAND-RELATED GENERATION AND TRANSMISSION COSTS?

A As pointed out in my rate design testimony, the specific allocation method should be consistent with the principle of cost-causation; that is, the allocation should reflect the contribution of each customer class (or in this case – each state) to the demands that caused the utility to incur capacity costs. Therefore, either a form of coincident peak allocation which would utilize one or more significant demands from the summer period, or an average and excess allocation methodology which would utilize class peaks from the summer period would be appropriate.

In this context, the Commission Staff accounting witnesses have utilized a four-summer coincident peak allocation methodology. For purposes of the jurisdictional allocation study, I support Staff's allocation as I believe it is generally consistent with cost of service principles.

Q DID KCPL WITNESSES EXPLAIN WHY THEY CHOSE A 12 COINCIDENT PEAK JURISDICTIONAL ALLOCATION METHODOLOGY?

A No. None of KCPL's witnesses provided any rationale for this allocation. Nevertheless, as explained above, it is apparent that KCPL's production and transmission facilities are constructed to meet the summer peaks experienced by the company. KCPL's use of a 12 CP demand allocator inappropriately shifts demand costs from the low load factor Kansas jurisdiction to the higher load factor Missouri jurisdiction.

Q HOW DID KCPL ALLOCATE THE MARGINS FROM OFF-SYSTEM SALES AMONG JURISDICTIONS?

A KCPL allocates what it has identified as profits from off-system sales using a rather novel methodology which attempts to allocate more profits to the low load factor Kansas jurisdiction than to the higher load factor Missouri jurisdiction. The theory expressed is that the low load factor jurisdiction has a load pattern which frees up more capacity at certain times to facilitate off-system sales, than is true for the Missouri jurisdiction, which has a higher load factor.

Q DO YOU AGREE WITH KCPL'S ALLOCATION METHODOLOGY?

A No. This methodology does not give any consideration at all to sales made from the reserve capacity that is paid for by all customers and carried for the benefit of all customers in proportion to customer loads, rather than in proportion to some ill-defined notion of "unused energy." It also does not recognize scheduled maintenance requirements or forced outage events, nor does it recognize specific class load patterns. It is a rather simplistic, broad brush and unique allocation formula. More typically, all of the revenues generated from off-system sales, including any imputed profit margin, would be allocated to customer groups or jurisdictions on the basis of energy. This is the methodology which Commission Staff accounting witnesses have employed for purposes of their jurisdictional allocation and I believe it is appropriate.

Q IN THE EVENT THAT KCPL'S ALLOCATION METHODOLOGY IS USED, DO YOU HAVE ANY SUGGESTIONS IN ORDER TO ACHIEVE MORE EQUITABLE TREATMENT OF ALL CUSTOMERS?

A Yes. In allocating off-system sales margins, KCPL's method places heavy reliance on the relative load factors of Missouri versus Kansas and allocates less of the margins to Missouri on the theory that Missouri customers are using the generation plant more hours, making it less available for off-systems sales. I noted previously some of the problems with this approach. However, if this approach is utilized, the importance of the relative load factors should be recognized in other aspects of KCPL's cost of service as well. To achieve symmetry, Missouri retail customers should be allocated a correspondingly larger share of energy from lower running cost generation that KCPL's allocation logic says they are using more intensively.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY ON REVENUE REQUIREMENTS?

A Yes, it does.

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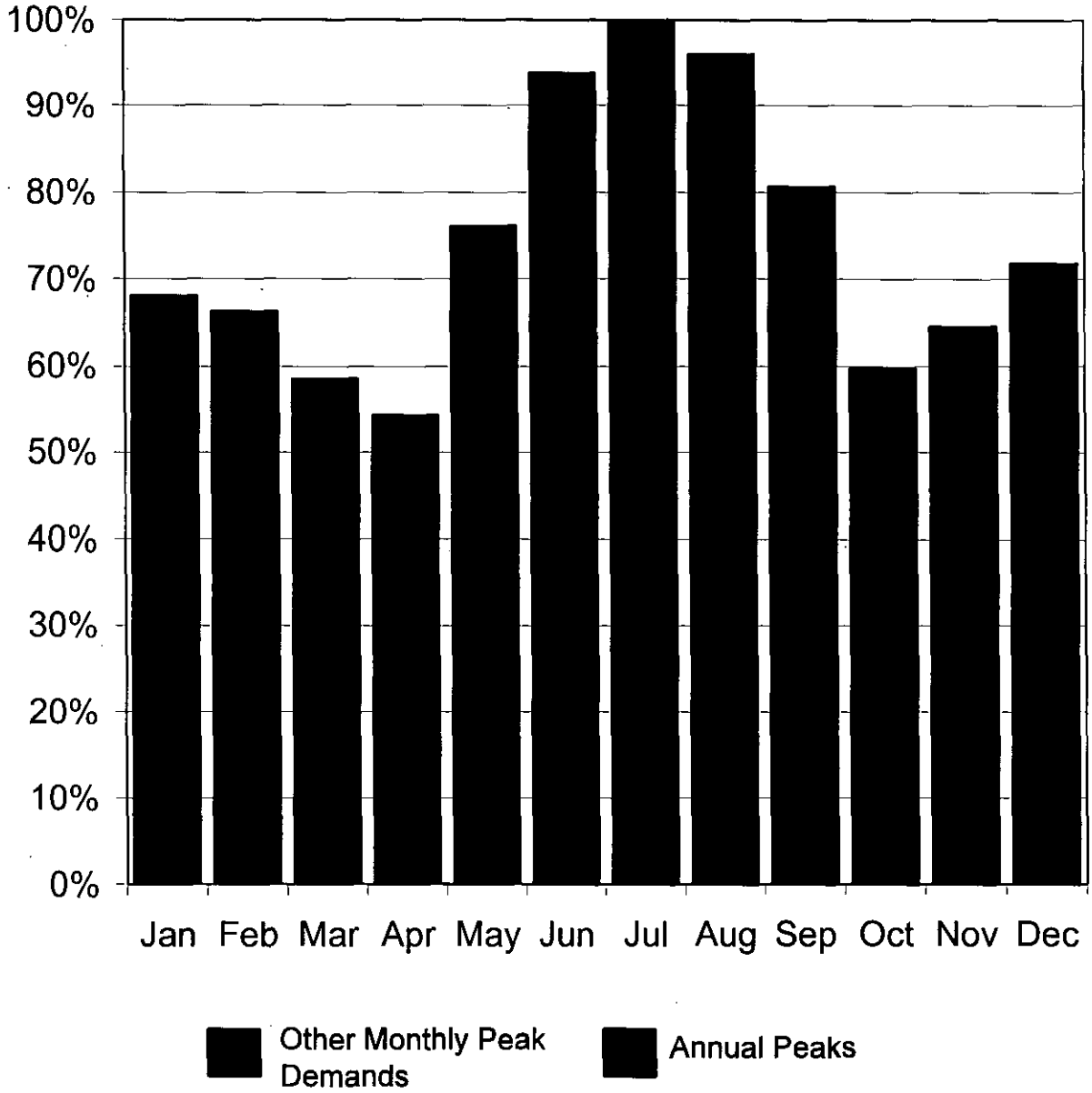
KANSAS CITY POWER & LIGHT COMPANY

Analysis of KCPL's Monthly Peak Demands as a Percent of the Annual System Peak (Weather Normalized and with Losses)

June 2006 Updated Data



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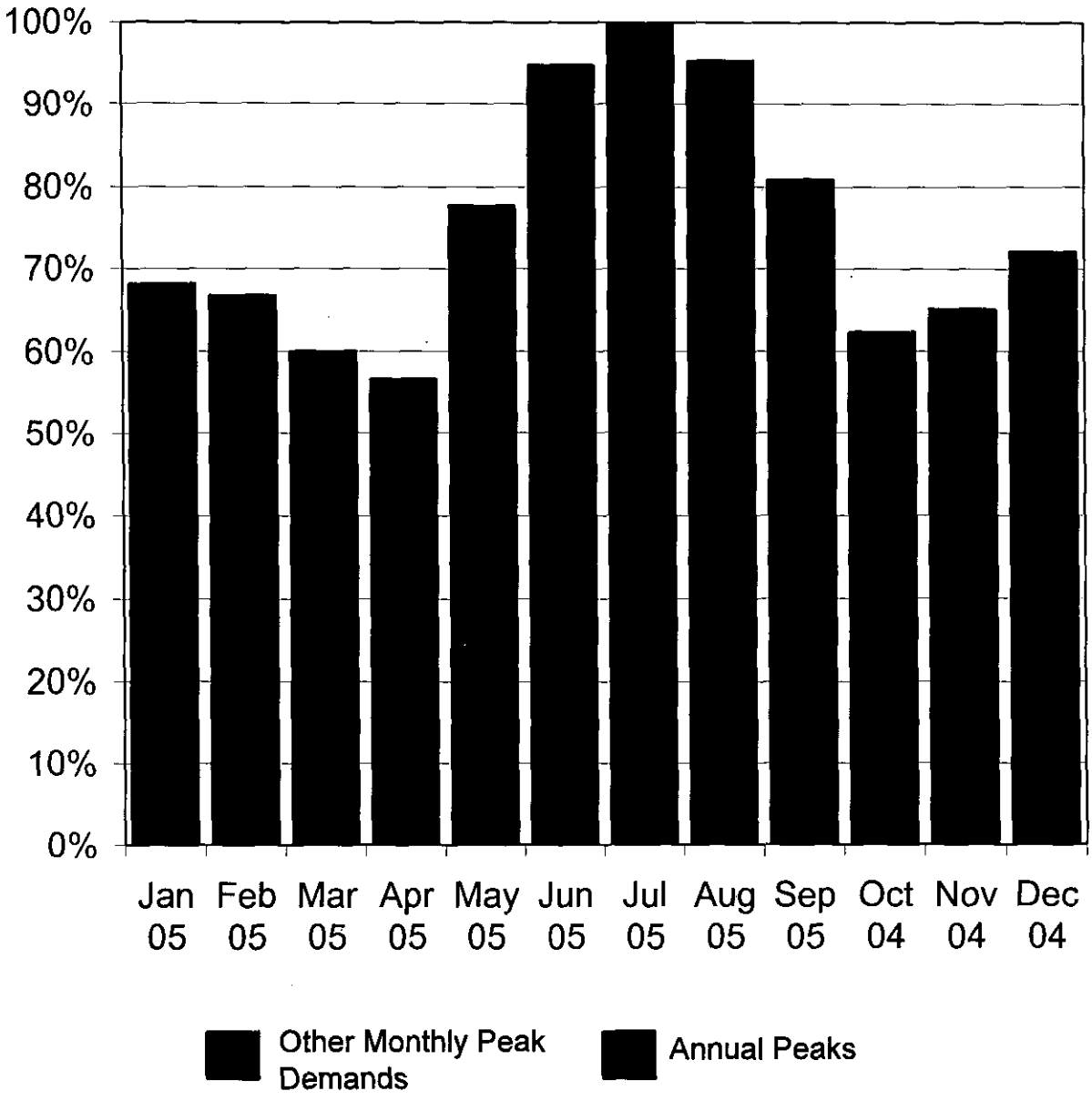

KANSAS CITY POWER & LIGHT COMPANY

Analysis of KCPL's Monthly Peak Demands
as a Percent of the Annual System Peak
(Weather Normalized and with Losses)
June 2006 Updated Data

Line	Description	Total Company MW (1)	Percent (2)
1	January	2,436	68
2	February	2,371	66
3	March	2,092	59
4	April	1,944	54
5	May	2,722	76
6	June	3,356	94
7	July	3,575	100
8	August	3,433	96
9	September	2,883	81
10	October	2,137	60
11	November	2,308	65
12	December	2,568	72

Source: "Unused Energy Allocator,"
Demand Allocator, Page 1 of 1

KANSAS CITY POWER & LIGHT COMPANY

Analysis of Missouri's Monthly Peak Demands as a Percent of the Annual System Peak (Weather Normalized and with Losses)
June 2006 Updated Data

Line	Description	Missouri Jurisdiction MW (1)	Percent (2)
1	January	1,299	68
2	February	1,270	67
3	March	1,142	60
4	April	1,078	57
5	May	1,478	78
6	June	1,805	95
7	July	1,903	100
8	August	1,815	95
9	September	1,540	81
10	October	1,186	62
11	November	1,239	65
12	December	1,373	72

Source: "Unused Energy Allocator,"
Demand Allocator, Page 1 of 1