

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Filed
July 14, 2015
Data Center
Missouri Public
Service Commission

In the Matter of Kansas City Power & Light)	File No. <u>ER-2014-0370</u>
Company's Request for Authority to Implement)	YE-2015-0194
a General Rate Increase for Electric Service)	YE-2015-0195

MOTION FOR LEAVE TO CORRECT TESTIMONY OF KEITH MAJORS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), and respectfully requests the Commission grant it leave to correct the testimony of Staff witness Keith Majors and offer it into the record this week when he is called to the stand to be questioned on the Acquisition Transition Costs issue on Wednesday, July 1, 2015. The attached pages show the corrections proposed to be made to Mr. Majors direct testimony in the "XVII. Transition Cost Recovery Mechanism" section of the Staff's April 3, 2015 Revenue Requirement Cost Of Service Staff Report and in his surrebuttal testimony and schedules, "Administrative and General (A&G) Expenses" section, filed June 5, 2015. In support thereof, the Staff states as follows:

1. On Friday, June 19, 2015 while listening to the testimony of witness Lane Kollen who was on the witness stand, Mr. Majors realized that the data that he had used for certain administrative and general ("A&G") expense analysis for Westar Energy, Inc. ("Westar") in his direct filing and surrebuttal filing includes data from Westar's FERC Form 1 Annual Reports for Kansas Power & Light Co. but does not include data for either Kansas Gas & Electric Co. or Westar Generating, Inc. which are part of Westar and should be included with the Kansas Power & Light Co. data for purposes of his analysis.

2. As a consequence of Mr. Majors realizing this error in his filing, the Staff is requesting leave to make the necessary corrections to Mr. Majors' filing that relates to

Staff Exhibit No. 246
Date 7-1-15 Reporter TW
File No. ER-2014-0370

the Westar data. Where data for Westar appears in tables and schedules in Mr. Majors' direct and surrebuttal testimony and schedules, for the most part, only the data for Westar changes. However, in his surrebuttal testimony the changes in the Westar data causes changes in the ranking of peer companies in some instances of the analysis Mr. Majors performed. Mr. Majors indicates a correction in the Westar data and a correction in the ranking of peer companies in tables and schedules from his original filings by the use of blue rather than black ink in the corrected pages that are being filed.

3. For the Staff's April 3, 2015 Revenue Requirement Cost Of Service Staff Report, there is a replacement page for page 234. On replacement page 234, line 21, there is an asterisk after the word "Westar." At the bottom of replacement page 234 there is an asterisk followed by the sentence: "Westar includes Westar Energy, Inc. (Kansas Power & Light), Kansas Gas & Electric, and Westar Generating, Inc." There are replacement pages for pages 235-238 which contain corrected numbers for Westar in blue rather than black ink. On page 238, line 8 of Mr. Majors' April 3, 2015 direct filing, the words "almost 400" are changed to the corrected words "about 250," and at the beginning of line 13, on page 238 the corrected words "in most years" are added to Mr. Majors' filing in blue rather than black ink.

4. For Mr. Majors' surrebuttal testimony, there are replacement pages for pages 41-43 and 52-54 which contain corrected numbers for Westar in blue rather than black ink. On pages 52-54, Mr. Majors performs rankings of peer companies which rankings have changed in some instances due to the correction of the Westar numbers. A correction in a ranking of a peer company appears in blue rather than black ink.

5. For Mr. Majors' surrebuttal testimony there are replacement pages for Schedule KM-s4 Page 1 of 1 and Schedule KM-s6 Pages 1, 2, 3, 5, 6, 7 of 94 which contain corrected numbers for Westar in blue rather than black ink. Also, for Schedule KM-s6 Pages 3, 5, 6, 7 of 94 the rankings of some peer companies have changed due to the correction of the Westar numbers. A correction in a ranking of a peer company appears in blue rather than black ink.

6. The word "CORRECTED" appears in the bottom right hand corner of each corrected page.

7. Pursuant to 4 CSR 240-2.080(14)(C), this filing is being made as soon as possible and is not supplemental testimony.

8. The Staff apologizes for any inconvenience this matter has caused.

WHEREFORE the Staff respectfully requests the Commission grant it leave to file the corrected direct report/testimony and corrected surrebuttal testimony and schedules of Staff witness Keith Majors. (Replacement pages attached.)

Respectfully submitted,

/s/ Steven Dottheim

Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29th day of June, 2015.

/s/ Steven Dottheim

1 The Commission will give consideration to their [transition costs]
2 recovery in future rate cases making an evaluation as to their
3 reasonableness and prudence. At that time, the Commission will expect
4 that KCP&L and Aquila demonstrate that the synergy savings exceed the
5 level of the amortized transition costs included in the test year cost of
6 service expenses in future rate cases. [Footnotes omitted]

7 KCPL has not maintained the Commission Ordered Synergy Savings Tracking Model. In the
8 2010 KCPL Case, the Commission relied on, among other things, this very model in its decision
9 to amortize the transition costs and include the annual amortization amounts in the revenue
10 requirements of KCPL and GMO. While KCPL has maintained its Synergy Charter Tracking
11 Database for recording cumulative synergy savings, without the Commission Ordered Synergy
12 Savings Tracking Model, Staff cannot determine whether the annual synergy savings, from an
13 adjusted 2006 base year compared to the Commission-ordered test year in this case ending
14 March 31, 2014, exceed the amount of the amortized transition costs.

15 **B. Administrative and General (A&G) Expenses**

16 **1. Regional Electric Utility Comparison**

17 Although the Staff cannot rely on the Commission Ordered Synergy Savings Tracking
18 Model for its analysis, as it has not been maintained by KCPL, there is evidence that KCPL's
19 administrative and general (A&G) expenses continue to increase and are the highest per average
20 customer, third highest per megawatt hour sold, and highest per dollar of operating revenue of all
21 the electric utilities this Commission rate regulates, and Westar*. Staff's analysis used
22 information directly from the individual utilities' FERC Form 1, their Annual Reports to the
23 Commission, and information from the Westar Energy, Inc. ("Westar") FERC Form 1. Westar
24 was included in Staff's analysis because it share's three baseload units with KCPL and is a
25 vertically integrated electric utility that borders KCPL's service territory.

26 Staff presented a similar analysis in KCPL's 2010 Rate Case, and the Commission found
27 in its Report and Order, Slip Opinion, page 154:

28 458. Staff did an analysis of the Companies' Administrative & General
29 (A&G) expenses and other electric utilities in the region. [footnote
30 omitted] Staff's analysis indicates that on a combined company basis,
31 KCP&L and GMO have the highest A&G expenses per customer, per
32 megawatt hour sold and per dollar of operating revenue. [footnote
33 omitted]

* Westar includes Westar Energy, Inc. (Kansas Power & Light), Kansas Gas & Electric, and Westar Generating, Inc.

1 Staff also updated and presented a similar analysis and conclusion about the A&G expense in the
 2 2012 Rate Case

3 As can be seen below, KCPL and GMO's Administrative & General expenses remain
 4 pervasively high. The tables below are Staff's analysis through calendar 2013 (the last full year
 5 available) and calendar year 2011 (from the last rate case):

6 **2013 Administrative & General (A&G) Expenses per Customer**

Calendar Year 2013	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$44,699,513	\$251,903,994	\$202,602,915	\$74,536,767	\$155,757,596	\$230,294,363
Average Number of Customers	168,080	1,197,298	693,129	314,937	514,843	829,780
A&G Cost per Customer	\$265.94	\$210.39	\$292.30	\$236.67	\$302.53	\$277.54
					Highest	

8
 9 **2011 A&G Expenses per Customer**

Calendar Year 2011	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$36,912,783	\$275,200,772	\$199,269,437	\$70,505,022	\$173,703,809	\$244,208,831
Average Number of Customers	166,236	1,190,483	686,795	312,716	512,125	824,841
A&G Cost per Customer	\$222.05	\$231.17	\$290.14	\$225.46	\$339.18	\$296.07
					Highest	

11
 12 **2013 A&G Expenses per Megawatt Hour Sold**

Calendar Year 2013	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$44,699,513	\$251,903,994	\$202,602,915	\$74,536,767	\$155,757,596	\$230,294,363
Megawatt Hours Sold	5,620,276	43,158,374	28,824,595	8,413,828	21,683,329	30,097,157
A&G Cost Per MWH Sold	\$7.95	\$5.84	\$7.03	\$8.86	\$7.18	\$7.65

CORRECTED

1 **2011 A&G Expenses per Megawatt Hour Sold**

2

Calendar Year 2011	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$36,912,783	\$275,200,772	\$199,269,437	\$70,505,022	\$173,703,809	\$244,208,831
Megawatt Hours Sold	5,815,365	48,142,970	29,095,902	8,520,415	20,374,582	28,894,997
A&G Cost Per MWH Sold	\$6.35	\$5.72	\$6.85	\$8.27	\$8.53	\$8.45
					Highest	

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4 **2013 A&G Expenses per Electric Operating Revenue**

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Calendar Year 2013	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$44,699,513	\$251,903,994	\$202,602,915	\$74,536,767	\$155,757,596	\$230,294,363
Total Electric Operating Revenues	534,280,086	3,390,675,469	2,408,058,267	800,537,114	1,671,422,009	2,471,959,123
A&G Cost Per Electric Revenue Dollar	\$0.0837	\$0.0743	\$0.0841	\$0.0931	\$0.0932	\$0.0932
					Highest	

6

7 **2011 A&G Expenses per Electric Operating Revenue**

8

Calendar Year 2011	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$36,912,783	\$275,200,772	\$199,269,437	\$70,505,022	\$173,703,809	\$244,208,831
Total Electric Operating Revenues	522,506,506	3,226,611,565	2,204,231,086	759,742,827	1,558,265,703	2,318,008,530
A&G Cost Per Electric Revenue Dollar	\$0.0706	\$0.0853	\$0.0904	\$0.0928	\$0.1115	\$0.1054
					Highest	

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CORRECTED

1 **Five Year Analysis of FERC Form 1 Administrative & General Expenses**

2 **A&G Expenses per Customer**

3

Company	2009	2010	2011	2012	2013
Empire	\$170.09	\$194.16	\$222.05	\$251.10	\$265.94
Ameren Missouri	\$211.03	\$201.85	\$231.17	\$198.47	\$210.39
Westar	\$257.00	\$281.25	\$290.14	\$305.20	\$292.30
GMO	\$214.65	\$198.10	\$225.46	\$240.43	\$236.67
KCPL	\$278.43	\$298.54	\$339.18	\$298.63	\$302.53
Combined KCPL & GMO	\$254.23	\$260.45	\$296.07	\$276.55	\$277.54

4 **A&G Expenses per Megawatt Hour Sold**

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6

Company	2009	2010	2011	2012	2013
Empire	\$5.28	\$5.46	\$6.35	\$7.47	\$7.95
Ameren Missouri	\$5.11	\$4.98	\$5.72	\$5.38	\$5.84
Westar	\$6.27	\$6.59	\$6.85	\$7.42	\$7.03
GMO	\$8.26	\$7.02	\$8.27	\$8.99	\$8.86
KCPL	\$7.08	\$7.10	\$8.53	\$6.97	\$7.18
Combined KCPL & GMO	\$7.42	\$7.07	\$8.45	\$7.53	\$7.65

7 **A&G Expenses per Electric Operating Revenue**

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Company	2009	2010	2011	2012	2013
Empire	\$0.0660	\$0.0678	\$0.0706	\$0.0825	\$0.0837
Ameren Missouri	\$0.0926	\$0.0793	\$0.0853	\$0.0757	\$0.0743
Westar	\$0.0931	\$0.0925	\$0.0904	\$0.0919	\$0.0841
GMO	\$0.1035	\$0.0838	\$0.0928	\$0.0992	\$0.0931
KCPL	\$0.1079	\$0.1007	\$0.1115	\$0.0969	\$0.0932
Combined KCPL & GMO	\$0.1064	\$0.0952	\$0.1054	\$0.0977	\$0.0932

10

11 In comparison to The Empire District Electric Company (“Empire”), Union Electric

12 Company d/b/a Ameren Missouri (“Ameren Missouri”), and Westar, KCPL and GMO combined

13 have the highest A&G cost per customer, the third highest A&G cost per megawatt hour sold

14 (GMO has the highest), and the highest A&G cost per dollar of electric revenue.

15 The result of the revised analysis is similar to that presented by Staff in the 2010 and

16 2012 Rate Cases. In addition, Staff compared the same utilities’ A&G expenses to their

17 respective overall O&M again using data from FERC Form 1:

CORRECTED

A&G Expenses Compared to Total O&M Expense

Calendar Year 2013	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$44,699,513	\$251,903,994	\$202,602,915	\$74,536,767	\$155,757,596	\$230,294,363
Total O&M Expense	\$310,360,096	\$1,857,637,721	\$1,465,027,865	\$454,058,386	\$950,427,859	\$1,404,486,245
A&G as a % of Total O&M	14.40%	13.56%	13.83%	16.42%	16.39%	16.40%

Five Year A&G Expenses Compared to Total O&M Expense

Company	2009	2010	2011	2012	2013
Empire	10.31%	10.66%	11.54%	13.82%	14.40%
Ameren MO	15.65%	14.17%	14.66%	14.93%	13.56%
Westar	14.52%	14.79%	14.37%	15.13%	13.83%
GMO	14.84%	13.14%	14.50%	17.13%	16.42%
KCPL	19.41%	19.08%	19.42%	17.17%	16.39%
Combined KCPL & GMO	17.67%	16.88%	17.69%	17.16%	16.40%

As can be seen from the FERC Form 1 data, KCPL's cost structure had more A&G expenses as a portion of O&M for the last five years than other electric utilities in the region. In 2013, KCPL's A&G costs were almost 300 basis points higher than Ameren Missouri and about 250 higher than Westar. While KCPL's A&G costs have declined in relationship to the other utilities in 2009 to 2011, they remain high compared to the other utilities in Staff's study.

Several conclusions can be drawn from the A&G analysis:

- 1) KCPL has the highest A&G expense per customer in 2013 and the highest in most years among these utilities since Great Plain Energy's acquisition of Aquila.
- 2) KCPL has the third highest (behind GMO and Empire) A&G expense per MWH sold in 2013. From 2010-11, KCPL had the highest A&G expense per MWH sold.
- 3) KCPL has the highest A&G expense per dollar of operating revenue in 2013, and for the majority of 2009-2013. Put another way, for every dollar of revenue KCPL receives, a larger portion of that dollar goes to A&G expenses than the other utilities in the study.

Surrebuttal Testimony of
Keith Majors

1 of Ameren Missouri, Empire, GMO, Westar, and KCPL and GMO on a combined company
2 basis. This is the same analysis completed by Staff in the 2010 and 2012 KCPL and GMO
3 rate cases.

4 In this case, Staff has expanded the A&G analysis to include the peer group utilities
5 used to determine GPE executive compensation.

6 Q. Have you updated the A&G analysis for 2014 data?

7 A. Yes. The results are generally the same as the 2013 analysis. KCPL still has
8 the highest A&G cost per customer, third highest A&G cost per MWh sold⁶, and highest
9 A&G cost per dollar of revenue. KCPL has the highest A&G expense compared to its total
10 operations and maintenance (“O&M”) expense. On all four metrics, KCPL is higher than
11 Westar and Ameren Missouri, both of which also own nuclear generation.

12 The results are shown below, and attached as Schedule KM-s4:

13 **1. 2014 A&G Expenses per Customer**

Calendar Year 2014	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	\$45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234
Average Number of Customers	168,553	1,200,005	696,020	316,593	518,988	835,581
A&G Cost per Customer	\$ 270.78	\$ 232.25	\$ 298.72	\$ 235.68	\$ 311.95 Highest	\$ 283.05

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⁶ Behind GMO and Empire.

CORRECTED

2014 A&G Expenses per Megawatt Hour Sold

Calendar Year 2014	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234
Megawatt Hours Sold	5,131,750	43,192,724	29,940,532	8,511,766	22,472,307	30,984,073
A&G Cost per Megawatt Hour Sold	\$ 8.89	\$ 6.45	\$ 6.94	\$ 8.77	\$ 7.20	\$ 7.63

2014 A&G Expenses per Electric Operating Revenue

Calendar Year 2014	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234
Total Electric Operating Revenues	590,428,386	3,393,525,753	2,624,632,606	850,066,625	1,730,764,278	2,580,830,903
A&G Cost Per Electric Revenue Dollar	\$ 0.0773	\$ 0.0821	\$ 0.0792	\$ 0.0878	\$ 0.0935 Highest	\$ 0.0916

2014 A&G Compared to Total O&M Expense

Calendar Year 2014	Empire	Ameren Missouri	Westar	GMO	KCPL	Combined KCPL and GMO
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234
Total O&M	363,252,937	1,859,500,297	1,588,381,400	520,213,138	1,001,292,788	1,521,505,926
A&G as a % of Total O&M	12.56%	14.99%	13.09%	14.34%	16.17% Highest	15.54%

continued on next page

CORRECTED

1 **Six Year Analysis of FERC Form 1 A&G Expenses**
2

A&G Expenses per Customer	2009	2010	2011	2012	2013	2014
Empire	\$ 170.09	\$ 194.16	\$ 222.05	\$ 251.10	\$ 265.94	\$270.78
Ameren Missouri	\$ 211.03	\$ 201.85	\$ 231.17	\$ 198.47	\$ 210.39	\$232.25
Westar	\$ 257.00	\$ 281.25	\$ 290.14	\$ 305.20	\$ 292.30	\$298.72
GMO	\$ 214.65	\$ 198.10	\$ 225.46	\$ 240.43	\$ 236.67	\$235.68
KCPL	\$ 278.43	\$ 298.54	\$ 339.18	\$ 298.63	\$ 302.53	\$311.95
Combined KCPL & GMO	\$ 254.23	\$ 260.45	\$ 296.07	\$ 276.55	\$ 277.54	\$283.05

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A&G Cost per Megawatt Hour Sold	2009	2010	2011	2012	2013	2014
Empire	\$5.28	\$5.46	\$6.35	\$7.47	\$7.95	\$8.89
Ameren Missouri	\$5.11	\$4.98	\$5.72	\$5.38	\$5.84	\$6.45
Westar	\$6.27	\$6.59	\$6.85	\$7.42	\$7.03	\$6.94
GMO	\$8.26	\$7.02	\$8.27	\$8.99	\$8.86	\$8.77
KCPL	\$7.08	\$7.10	\$8.53	\$6.97	\$7.18	\$7.20
Combined KCPL and GMO	\$7.42	\$7.07	\$8.45	\$7.53	\$7.65	\$7.63

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A&G Cost Per Dollar of Electric Revenue	2009	2010	2011	2012	2013	2014
Empire	\$0.0660	\$0.0678	\$0.0706	\$0.0825	\$0.0837	\$0.0773
Ameren Missouri	\$0.0926	\$0.0793	\$0.0853	\$0.0757	\$0.0743	\$0.0821
Westar	\$0.0931	\$0.0925	\$0.0904	\$0.0919	\$0.0841	\$0.0792
GMO	\$0.1035	\$0.0838	\$0.0928	\$0.0992	\$0.0931	\$0.0878
KCPL	\$0.1079	\$0.1007	\$0.1115	\$0.0969	\$0.0932	\$0.0935
Combined KCPL and GMO	\$0.1064	\$0.0952	\$0.1054	\$0.0977	\$0.0932	\$0.0916

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A&G Expenses Compared to Total Operations & Maintenance Expense	2009	2010	2011	2012	2013	2014
Empire	10.31%	10.66%	11.54%	13.82%	14.40%	12.56%
Ameren MO	15.65%	14.17%	14.66%	14.93%	13.56%	14.99%
Westar	14.52%	14.79%	14.37%	15.13%	13.83%	13.09%
GMO	14.84%	13.14%	14.50%	17.13%	16.42%	14.34%
KCPL	19.41%	19.08%	19.42%	17.17%	16.39%	16.17%
Combined KCPL & GMO	17.67%	16.88%	17.69%	17.16%	16.40%	15.54%

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CORRECTED

Surrebuttal Testimony of
Keith Majors

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Alliant Energy Corporation
Avista Corporation
Black Hills Corporation
Cleco Corporation
IdaCorp, Inc.
OGE Energy Corporation
Pinnacle West Capital Corporation
PNM Resources, Inc.
Portland General Electric Company
TECO Energy Inc.
UNS Energy Corporation
Westar Energy, Inc.
Wisconsin Energy Corporation

2

Staff obtained the FERC Form 1¹⁴ for each company listed for years 2013 and 2014. Staff compared

3

the results to KCPL, GMO, and combined KCPL and GMO. I have attached the detailed calculations

4

as Schedule KM-s6. The summary results of that comparison are shown below:

5

2013 and 2014 A&G Per Customer

Peer Company	2013 A&G per Customer	2013 Ranking	2014 A&G per Customer	2014 Ranking
Alliant	\$176	14	\$181	13
Avista	\$176	13	\$185	12
Black Hills	\$298	3	\$289	4
Cleco	\$190	10	\$201	9
GMO	\$237	7	\$236	7
IdaCorp	\$299	2	\$305	2
KCPL	\$303	1	\$312	1
KCPL & GMO	\$278	5	\$283	5
OGE	\$139	16	\$146	16
Pinnacle	\$186	12	\$165	14
PNM	\$266	6	\$257	6
Portland	\$189	11	\$192	10
TECO	\$209	8	\$187	11
UNS	\$209	9	\$221	8
Westar	\$292	4	\$299	3
Wisconsin	\$172	15	\$147	15

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¹⁴ From the FERC eLibrary online repository, www.ferc.gov.

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2013 and 2014 A&G Per Megawatt Hour

Peer Company	2013 A&G per MWh	2013 Ranking	2014 A&G per MWh	2014 Ranking
Alliant	\$5.44	13	\$5.71	12
Avista	\$4.81	15	\$5.29	13
Black Hills	\$8.98	3	\$9.11	3
Cleco	\$4.87	14	\$2.60	16
GMO	\$8.86	4	\$8.77	4
IdaCorp	\$9.26	2	\$9.56	2
KCPL	\$7.18	8	\$7.20	8
KCPL & GMO	\$7.65	6	\$7.63	6
OGE	\$3.91	16	\$3.91	15
Pinnacle	\$6.66	11	\$5.83	11
PNM	\$11.26	1	\$11.09	1
Portland	\$7.43	7	\$7.67	5
TECO	\$7.79	5	\$7.03	9
UNS	\$6.87	10	\$7.33	7
Westar	\$7.03	9	\$6.94	10
Wisconsin	\$5.95	12	\$5.03	14

2013 and 2014 A&G Per Dollar of Revenue

Peer Company	2013 A&G per Revenue	2013 Ranking	2014 A&G per Revenue	2014 Ranking
Alliant	\$0.0637	11	\$ 0.0653	11
Avista	\$0.0610	13	\$ 0.0669	10
Black Hills	\$0.0954	3	\$ 0.0897	5
Cleco	\$0.0494	15	\$ 0.0453	16
GMO	\$0.0931	6	\$ 0.0878	6
IdaCorp	\$0.1216	1	\$ 0.1220	1
KCPL	\$0.0932	4	\$ 0.0935	3
KCPL & GMO	\$0.0932	5	\$ 0.0916	4
OGE	\$0.0468	16	\$ 0.0459	15
Pinnacle	\$0.0613	12	\$ 0.0545	13
PNM	\$0.1211	2	\$ 0.1150	2
Portland	\$0.0855	7	\$ 0.0840	7
TECO	\$0.0749	10	\$ 0.0651	12
UNS	\$0.0750	9	\$ 0.0759	9
Westar	\$0.0841	8	\$ 0.0792	8
Wisconsin	\$0.0584	14	\$ 0.0486	14

1

2013 and 2014 A&G Compared to Total O&M Expense

Peer Company	2013 A&G / O&M	2013 Ranking	2014 A&G / O&M	2014 Ranking
Alliant	9.20%	13	9.51%	12
Avista	9.36%	12	10.69%	11
Black Hills	14.36%	6	13.46%	6
Cleco	8.91%	14	7.33%	14
GMO	16.42%	3	14.34%	5
IdaCorp	19.39%	1	18.38%	1
KCPL	16.39%	5	16.17%	2
KCPL & GMO	16.40%	4	15.54%	4
OGE	7.39%	16	7.09%	15
Pinnacle	10.45%	11	9.12%	13
PNM	17.25%	2	16.14%	3
Portland	12.80%	8	13.24%	7
TECO	12.51%	9	10.93%	10
UNS	10.90%	10	11.28%	9
Westar	13.83%	7	13.09%	8
Wisconsin	7.91%	15	6.70%	16

2

3 To summarize, below is a table of KCPL's rankings compared to the peer group:

4

Category	KCPL 2013 Ranking	KCPL 2014 Ranking
A&G Per Customer	1 (Highest)	1 (Highest)
A&G Per MWh Sold	8	8
A&G Per Dollar of Revenue	4	3
A&G Compared to Total O&M	5	2

5

6 Staff's expanded study shows that KCPL has some of the highest A&G expenses of its

7 national peers as well as Missouri electric utilities.

8 **RATE CASE EXPENSE**

9 Q. What is KCPL's recommendation regarding rate case expense?

10 A. KCPL requests a three year amortization of current rate case expenses. At the
11 time of KCPL's direct filing, KCPL projected \$1,362,261 of Missouri jurisdictional rate case
12 expenses, or \$454,087 per year. KCPL also requests an amortization over three years of

2014 Utility FERC Form 1 A&G Analysis

A&G Expenses per Average Customer

Calendar Year 2014	Amen						Combined
	Empire	Missouri	Westar	GMO	KCPL	KCPL and GMO	Source
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234	Page 323, line 197
Average Number of Customers	168,553	1,200,005	696,020	316,593	518,988	835,581	Page 301, line 14
A&G Cost per Customer	\$ 270.78	\$ 232.25	\$ 298.72	\$ 235.68	\$ 311.95	\$ 283.05	

A&G Expenses per Megawatt Hour Sold

Calendar Year 2014	Amen						Combined
	Empire	Missouri	Westar	GMO	KCPL	KCPL and GMO	Source
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234	Page 323, line 197
Megawatt Hours Sold	5,131,750	43,192,724	29,940,532	8,511,766	22,472,307	30,984,073	page 301, line 14
A&G Cost per Megawatt Hour Sold	\$ 8.89	\$ 6.45	\$ 6.94	\$ 8.77	\$ 7.20	\$ 7.63	

A&G Expenses per Electric Operating Revenue

Calendar Year 2014	Amen						Combined
	Empire	Missouri	Westar	GMO	KCPL	KCPL and GMO	Source
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234	Page 323, line 197
Total Electric Operating Revenues	590,428,386	3,393,525,753	2,624,632,606	850,066,625	1,730,764,278	2,580,830,903	Page 300, line 27
A&G Cost Per Electric Revenue Dollar	\$ 0.0773	\$ 0.0821	\$ 0.0792	\$ 0.0878	\$ 0.0935	\$ 0.0916	

A&G Expenses Compared to Total Operations & Maintenance Expense

CalendarYear 2014	Amen						Combined
	Empire	Missouri	Westar	GMO	KCPL	KCPL and GMO	Source
A&G Expenses	45,640,013	278,701,237	207,915,270	74,615,056	161,898,178	236,513,234	Page 323, line 197
Total O&M	363,252,937	1,859,500,297	1,588,381,400	520,213,138	1,001,292,788	1,521,505,926	Page 323, line 198
A&G as a % of Total O&M	12.56%	14.99%	13.09%	14.34%	16.17%	15.54%	

* Westar includes Westar Energy, Inc. (Kansas Power & Light), Kansas Gas & Electric, and Westar Generating, Inc.

CORRECTED

2013 Peer Utility FERC Form 1 A&G Analysis

Administrative & General Expenses per Average Customer

Calendar 2013	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	174,249,506	64,056,359	60,590,412	54,127,217	151,020,498	111,759,138	213,793,482	135,149,447	157,718,766	145,126,718	104,786,066	202,602,915	193,855,932	Page 323, line 197
Average Number of Customers	990,767	363,312	203,581	284,188	504,653	802,876	1,147,514	508,248	833,170	694,735	502,113	693,129	1,126,890	Page 301, line 14
A&G Cost per Customer	\$ 175.87	\$ 176.31	\$ 297.82	\$ 190.46	\$ 299.26	\$ 139.20	\$ 186.31	\$ 265.91	\$ 189.30	\$ 208.90	\$ 208.69	\$ 292.30	\$ 172.03	

Administrative & General Expenses per Megawatt Hour Sold

Calendar 2013	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	174,249,506	64,056,359	60,590,412	54,127,217	151,020,498	111,759,138	213,793,482	135,149,447	157,718,766	145,126,718	104,786,066	202,602,915	193,855,932	Page 323, line 197
Megawatt Hours Sold	32,056,708	13,318,994	6,748,081	11,115,732	16,302,681	28,578,159	32,087,545	12,001,980	21,226,863	18,639,927	15,255,416	28,824,595	32,555,334	page 301, line 14
A&G Cost per Megawatt Hour Sold	\$ 5.44	\$ 4.81	\$ 8.98	\$ 4.87	\$ 9.26	\$ 3.91	\$ 6.66	\$ 11.26	\$ 7.43	\$ 7.79	\$ 6.87	\$ 7.03	\$ 5.95	

A&G Expenses per Electric Operating Revenue

Calendar 2013	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	174,249,506	64,056,359	60,590,412	54,127,217	151,020,498	111,759,138	213,793,482	135,149,447	157,718,766	145,126,718	104,786,066	202,602,915	193,855,932	Page 323, line 197
Total Electric Operating Revenues	2,734,981,639	1,049,456,902	635,077,523	1,095,822,127	1,242,150,868	2,388,998,192	3,484,980,000	1,116,019,344	1,845,416,891	1,936,621,293	1,397,057,466	2,408,058,267	3,320,546,496	Page 300, line 27
A&G Cost Per Electric Revenue Dollar	\$ 0.06	\$ 0.0610	\$ 0.0954	\$ 0.05	\$ 0.12	\$ 0.05	\$ 0.06	\$ 0.12	\$ 0.09	\$ 0.07	\$ 0.08	\$ 0.0841	\$ 0.06	

A&G Expenses Compared to O&M

Calendar 2013	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	174,249,506	64,056,359	60,590,412	54,127,217	151,020,498	111,759,138	213,793,482	135,149,447	157,718,766	145,126,718	104,786,066	202,602,915	193,855,932	Page 323, line 197
Total O&M	1,893,630,808	684,482,695	422,029,363	607,265,153	778,659,808	1,512,903,158	2,045,932,147	783,283,450	1,232,425,235	1,160,276,368	961,651,746	1,465,027,865	2,449,254,652	Page 323, line 198
A&G as a % of Total O&M	9.20%	9.36%	14.36%	8.91%	19.39%	7.39%	10.45%	17.25%	12.80%	12.51%	10.90%	13.83%	7.91%	

Notes:

Alliant includes Interstate Power and Light Company and Wisconsin Power and Light Company

Avista does not include Alaska Electric Light and Power Company Acquired in 2014

Black Hills includes Black Hills Power, Cheyenne Light, Fuel, and Power Company, and Colorado Electric Utility Company

PNM Resources does not include Texas-New Mexico Power Company, a transmission and distribution utility, which does not file a FERC Form 1

CORRECTED

2014 Peer Utility FERC Form 1 A&G Analysis

Administrative & General Expenses per Average Customer

Calendar 2014	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	\$ 179,798,812	67,942,567	59,259,971	57,395,376	155,933,199	118,327,028	192,117,559	131,296,360	161,772,278	132,050,638	112,058,917	207,915,270	165,747,560	Page 323, line 197
Average Number of Customers	993,548	367,195	205,213	285,529	511,957	811,219	1,163,134	511,235	841,033	706,160	508,159	696,020	1,130,647	Page 301, line 14
A&G Cost per Customer	\$ 180.97	\$ 185.03	\$ 288.77	\$ 201.01	\$ 304.58	\$ 145.86	\$ 165.17	\$ 256.82	\$ 192.35	\$ 187.00	\$ 220.52	\$ 298.72	\$ 146.60	

Administrative & General Expenses per Megawatt Hour Sold

Calendar 2014	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	179,798,812	67,942,567	59,259,971	57,395,376	155,933,199	118,327,028	192,117,559	131,296,360	161,772,278	132,050,638	112,058,917	207,915,270	165,747,560	Page 323, line 197
Megawatt Hours Sold	31,474,893	12,839,533	6,502,473	22,057,912	16,312,786	30,234,927	32,951,388	11,836,387	21,080,082	18,784,911	15,293,725	29,940,532	32,942,828	page 301, line 14
A&G Cost per Megawatt Hour Sold	\$ 5.71	\$ 5.29	\$ 9.11	\$ 2.60	\$ 9.56	\$ 3.91	\$ 5.83	\$ 11.09	\$ 7.67	\$ 7.03	\$ 7.33	\$ 6.94	\$ 5.03	

A&G Expenses per Electric Operating Revenue

Calendar 2014	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	179,798,812	67,942,567	59,259,971	57,395,376	155,933,199	118,327,028	192,117,559	131,296,360	161,772,278	132,050,638	112,058,917	207,915,270	165,747,560	Page 323, line 197
Total Electric Operating Revenues	2,752,809,712	1,015,103,873	660,758,369	1,268,230,022	1,277,640,977	2,577,622,977	3,522,222,472	1,141,918,217	1,926,578,668	2,029,544,398	1,476,686,143	2,624,632,606	3,412,203,547	Page 300, line 27
A&G Cost Per Electric Revenue Dollar	\$ 0.07	\$ 0.0669	\$ 0.0897	\$ 0.05	\$ 0.1220	\$ 0.0459	\$ 0.0545	\$ 0.1150	\$ 0.0840	\$ 0.0651	\$ 0.0759	\$ 0.0792	\$ 0.0486	

A&G Expenses Compared to O&M

Calendar 2014	Alliant	Avista	Black Hills	Cleco	IdaCorp	OGE	Pinnacle	PNM	Portland	TECO	UNS	Westar	Wisconsin	Source
A&G Expenses	179,798,812	67,942,567	59,259,971	57,395,376	155,933,199	118,327,028	192,117,559	131,296,360	161,772,278	132,050,638	112,058,917	207,915,270	165,747,560	Page 323, line 197
Total O&M	1,891,581,634	635,399,996	440,255,257	783,064,569	848,564,840	1,669,635,874	2,106,881,390	813,238,363	1,222,248,702	1,208,660,046	993,274,426	1,588,381,400	2,475,149,690	Page 323, line 198
A&G as a % of Total O&M	9.51%	10.69%	13.46%	7.33%	18.38%	7.09%	9.12%	16.14%	13.24%	10.93%	11.28%	13.09%	6.70%	

Notes:

Alliant includes Interstate Power and Light Company and Wisconsin Power and Light Company

Avista does not include Alaska Electric Light and Power Company Acquired in 2014

Black Hills includes Black Hills Power, Cheyenne Light, Fuel, and Power Company, and Colorado Electric Utility Company

PNM Resources does not include Texas-New Mexico Power Company, a transmission and distribution utility, which does not file a FERC Form 1

CORRECTED

FERC Form 1 A&G Analysis
A&G Per Customer Rankings

2013 A&G /			2014 A&G /		
Peer Company	Customer		Peer Company	Customer	
KCPL	\$ 303	1	KCPL	\$ 312	1
IdaCorp	\$ 299	2	IdaCorp	\$ 305	2
Black Hills	\$ 298	3	Westar	\$ 299	3
Westar	\$ 292	4	Black Hills	\$ 289	4
KCPL & GMO	\$ 278	5	KCPL & GMO	\$ 283	5
PNM	\$ 266	6	PNM	\$ 257	6
GMO	\$ 237	7	GMO	\$ 236	7
TECO	\$ 209	8	UNS	\$ 221	8
UNS	\$ 209	9	Cleco	\$ 201	9
Cleco	\$ 190	10	Portland	\$ 192	10
Portland	\$ 189	11	TECO	\$ 187	11
Pinnacle	\$ 186	12	Avista	\$ 185	12
Avista	\$ 176	13	Alliant	\$ 181	13
Alliant	\$ 176	14	Pinnacle	\$ 165	14
Wisconsin	\$ 172	15	Wisconsin	\$ 147	15
OGE	\$ 139	16	OGE	\$ 146	16

Peer Company	2013 A&G /		2014 A&G /	
	Customer	2013 Ranking	Customer	2014 Ranking
Alliant	\$ 176	14	\$ 181	13
Avista	\$ 176	13	\$ 185	12
Black Hills	\$ 298	3	\$ 289	4
Cleco	\$ 190	10	\$ 201	9
GMO	\$ 237	7	\$ 236	7
IdaCorp	\$ 299	2	\$ 305	2
KCPL	\$ 303	1	\$ 312	1
KCPL & GMO	\$ 278	5	\$ 283	5
OGE	\$ 139	16	\$ 146	16
Pinnacle	\$ 186	12	\$ 165	14
PNM	\$ 266	6	\$ 257	6
Portland	\$ 189	11	\$ 192	10
TECO	\$ 209	8	\$ 187	11
UNS	\$ 209	9	\$ 221	8
Westar	\$ 292	4	\$ 299	3
Wisconsin	\$ 172	15	\$ 147	15

CORRECTED

**FERC Form 1 A&G Analysis
A&G Per Megawatt Rankings**

Peer Company	2013		Peer Company	2014	
	A&G / MWH	Ranking		A&G / MWH	Ranking
PNM	\$ 11.26	1	PNM	\$ 11.09	1
IdaCorp	\$ 9.26	2	IdaCorp	\$ 9.56	2
Black Hills	\$ 8.98	3	Black Hills	\$ 9.11	3
GMO	\$ 8.86	4	GMO	\$ 8.77	4
TECO	\$ 7.79	5	Portland	\$ 7.67	5
KCPL & GMO	\$ 7.65	6	KCPL & GMO	\$ 7.63	6
Portland	\$ 7.43	7	UNS	\$ 7.33	7
KCPL	\$ 7.18	8	KCPL	\$ 7.20	8
Westar	\$ 7.03	9	TECO	\$ 7.03	9
UNS	\$ 6.87	10	Westar	\$ 6.94	10
Pinnacle	\$ 6.66	11	Pinnacle	\$ 5.83	11
Wisconsin	\$ 5.95	12	Alliant	\$ 5.71	12
Alliant	\$ 5.44	13	Avista	\$ 5.29	13
Cleco	\$ 4.87	14	Wisconsin	\$ 5.03	14
Avista	\$ 4.81	15	OGE	\$ 3.91	15
OGE	\$ 3.91	16	Cleco	\$ 2.60	16

Peer Company	2013		2014	
	A&G / MWH	Ranking	A&G / MWH	Ranking
Alliant	\$ 5.44	13	\$ 5.71	12
Avista	\$ 4.81	15	\$ 5.29	13
Black Hills	\$ 8.98	3	\$ 9.11	3
Cleco	\$ 4.87	14	\$ 2.60	16
GMO	\$ 8.86	4	\$ 8.77	4
IdaCorp	\$ 9.26	2	\$ 9.56	2
KCPL	\$ 7.18	8	\$ 7.20	8
KCPL & GMO	\$ 7.65	6	\$ 7.63	6
OGE	\$ 3.91	16	\$ 3.91	15
Pinnacle	\$ 6.66	11	\$ 5.83	11
PNM	\$ 11.26	1	\$ 11.09	1
Portland	\$ 7.43	7	\$ 7.67	5
TECO	\$ 7.79	5	\$ 7.03	9
UNS	\$ 6.87	10	\$ 7.33	7
Westar	\$ 7.03	9	\$ 6.94	10
Wisconsin	\$ 5.95	12	\$ 5.03	14

CORRECTED

**FERC Form 1 A&G Analysis
A&G Per Revenue Rankings**

Peer Company	2013		2014	
	A&G / Revenue	Ranking	A&G / Revenue	Ranking
IdaCorp	\$ 0.1216	1	\$ 0.1220	1
PNM	\$ 0.1211	2	\$ 0.1150	2
Black Hills	\$ 0.0954	3	\$ 0.0935	3
KCPL	\$ 0.0932	4	\$ 0.0916	4
KCPL & GMO	\$ 0.0932	5	\$ 0.0897	5
GMO	\$ 0.0931	6	\$ 0.0878	6
Portland	\$ 0.0855	7	\$ 0.0840	7
Westar	\$ 0.0841	8	\$ 0.0792	8
UNS	\$ 0.0750	9	\$ 0.0759	9
TECO	\$ 0.0749	10	\$ 0.0669	10
Alliant	\$ 0.0637	11	\$ 0.0653	11
Pinnacle	\$ 0.0613	12	\$ 0.0651	12
Avista	\$ 0.0610	13	\$ 0.0545	13
Wisconsin	\$ 0.0584	14	\$ 0.0486	14
Cleco	\$ 0.0494	15	\$ 0.0459	15
OGE	\$ 0.0468	16	\$ 0.0453	16

Peer Company	2013		2014	
	A&G / Revenue	Ranking	A&G / Revenue	Ranking
Alliant	\$ 0.0637	11	\$ 0.0653	11
Avista	\$ 0.0610	13	\$ 0.0669	10
Black Hills	\$ 0.0954	3	\$ 0.0897	5
Cleco	\$ 0.0494	15	\$ 0.0453	16
GMO	\$ 0.0931	6	\$ 0.0878	6
IdaCorp	\$ 0.1216	1	\$ 0.1220	1
KCPL	\$ 0.0932	4	\$ 0.0935	3
KCPL & GMO	\$ 0.0932	5	\$ 0.0916	4
OGE	\$ 0.0468	16	\$ 0.0459	15
Pinnacle	\$ 0.0613	12	\$ 0.0545	13
PNM	\$ 0.1211	2	\$ 0.1150	2
Portland	\$ 0.0855	7	\$ 0.0840	7
TECO	\$ 0.0749	10	\$ 0.0651	12
UNS	\$ 0.0750	9	\$ 0.0759	9
Westar	\$ 0.0841	8	\$ 0.0792	8
Wisconsin	\$ 0.0584	14	\$ 0.0486	14

CORRECTED

**FERC Form 1 A&G Analysis
A&G Compared to O&M Expense Rankings**

	2013	2013		2014	2014
Peer Company	A&G / O&M	Ranking	Peer Company	A&G / O&M	Ranking
IdaCorp	19.39%	1	IdaCorp	18.38%	1
PNM	17.25%	2	KCPL	16.17%	2
GMO	16.42%	3	PNM	16.14%	3
KCPL & GMO	16.40%	4	KCPL & GMO	15.54%	4
KCPL	16.39%	5	GMO	14.34%	5
Black Hills	14.36%	6	Black Hills	13.46%	6
Westar	13.83%	7	Portland	13.24%	7
Portland	12.80%	8	Westar	13.09%	8
TECO	12.51%	9	UNS	11.28%	9
UNS	10.90%	10	TECO	10.93%	10
Pinnacle	10.45%	11	Avista	10.69%	11
Avista	9.36%	12	Alliant	9.51%	12
Alliant	9.20%	13	Pinnacle	9.12%	13
Cleco	8.91%	14	Cleco	7.33%	14
Wisconsin	7.91%	15	OGE	7.09%	15
OGE	7.39%	16	Wisconsin	6.70%	16

	2013	2013	2014	2014
Peer Company	A&G / O&M	Ranking	A&G / O&M	Ranking
Alliant	9.20%	13	9.51%	12
Avista	9.36%	12	10.69%	11
Black Hills	14.36%	6	13.46%	6
Cleco	8.91%	14	7.33%	14
GMO	16.42%	3	14.34%	5
IdaCorp	19.39%	1	18.38%	1
KCPL	16.39%	5	16.17%	2
KCPL & GMO	16.40%	4	15.54%	4
OGE	7.39%	16	7.09%	15
Pinnacle	10.45%	11	9.12%	13
PNM	17.25%	2	16.14%	3
Portland	12.80%	8	13.24%	7
TECO	12.51%	9	10.93%	10
UNS	10.90%	10	11.28%	9
Westar	13.83%	7	13.09%	8
Wisconsin	7.91%	15	6.70%	16

CORRECTED

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 a General Rate Increase for Electric)
Service)

Case No. ER-2014-0370

AFFIDAVIT OF KEITH MAJORS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Keith Majors and on his oath declares that he has prepared the foregoing correction pages to:

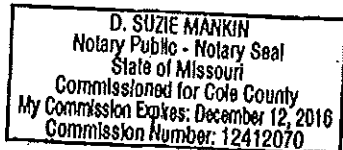
- Revenue Requirement Cost of Service Staff Report (filed on April 3, 2015), Keith Majors, XVII. Transitions Cost Recovery Mechanism, pages 234 – 238;
- Keith Majors, Surrebuttal Testimony (filed on June 5, 2015), Administrative and General (A&G) Expenses pages 41 – 43 and 52 – 54; Schedule KM-s4, page 1 of 1; and, Schedule KM-s6 pages 1, 2, 3, 5, 6 and 7.

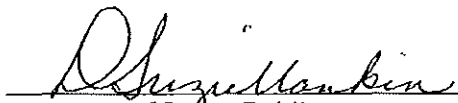
that he has knowledge of the matters set forth therein, and that such matters are true to the best of his knowledge and belief.


Keith Majors

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 June, 2015.




Notary Public