

Exhibit No.:

Issues: Termination Issues

Witness/Type of Exhibit: Tooey,
Rebuttal

Sponsoring Party: Missouri Public
Service Commission

Company: Kansas City Power
and Light Company

Case No.: HO-86-139

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY DIVISION

REBUTTAL TESTIMONY

OF

EDWARD A. TOOHEY

Jefferson City, Missouri
April, 1987

OFFICIAL CASE FILE
MISSOURI PUBLIC SERVICE COMMISSION

Exhibit No. 55
Date 4-10-87 Case No. HO-86-139
Reporter Bayer

My Commission expires

1 REBUTTAL TESTIMONY

2 OF

3 EDWARD A. TOOHEY

4 KANSAS CITY POWER AND LIGHT COMPANY

5 CASE NO. HO-86-139

6 Q. Please state your name for the record.

7 A. Edward A. Tooley.

8 Q. Are you the same Edward A. Tooley who has previously filed
9 prefiled direct testimony in this proceeding?

10 A. Yes, I am.

11 Q. What is the purpose of this rebuttal testimony?

12 A. This purpose of this rebuttal testimony is to provide
13 support for and expand upon the \$6,701,667 figure given on page 3 of Staff
14 witness Keith A. Haskamp's rebuttal testimony.

15 Q. What statement was made by Mr. Beaudoin which you and Mr.
16 Haskamp are addressing in your rebuttal testimony?

17 A. Mr. Beaudoin states on page 15 of his prefiled direct
18 testimony that:

19 KCPL also recognizes that the transition from steam utility
20 service to ownership of on-site facilities presents an
21 inconvenience and hardship to its remaining downtown steam
22 customers. Therefore, in addition to providing the
23 up-front capital investment for the conversion equipment,
24 KCPL is willing to accept some operating and return losses
25 by phasing-in the requisite rate increase in order to
26 further mitigate the impact on its valued steam customers.

27 Q. Did Staff inquire as to the amount of electric revenues the
28 Company would expect to receive as a result of present steam customer
transition from steam utility service to ownership of on-site (space
heating) facilities?

1 A. Yes. Staff asked Company this question in Data Information
2 Request No. 656, Case No. HO-86-139. The Company response is attached to
3 the rebuttal testimony of Staff witness Haskamp as Schedule 1.

4 Q. How much electric revenue did KCPL state that it expects to
5 receive from conversion of Downtown steam customers to on-site electric
6 boilers and on-site electric space heating equipment?

7 A. According to Haskamp Schedule 1-5, KCPL expected to receive
8 electric revenues from Downtown steam customers totaling \$6,701,667.
9 Further, if National Starch Company was converted to an electric boiler,
10 the Company stated that it expected to realize additional electric
11 revenues of \$5,917,376.

12 Q. Did Staff independently calculate additional electric
13 revenues that would be realized by the Company in the event that Company's
14 Downtown steam customers converted to on-site electric boilers and on-site
15 electric space heating equipment?

16 A. Yes. This analysis is attached to my rebuttal testimony as
17 Schedule 1.

18 Q. Would you briefly describe Schedule 1?

19 A. Schedule 1 shows additional electric revenues the Company
20 would receive in years 1987 through 1992 under three scenarios. All
21 revenue calculations are based upon the LGL electric tariff reflecting the
22 Wolf Creek rate phase-in. In addition, the revenue calculations assume
23 100% electric boiler efficiency: 1 MMB (one thousand pounds) equals 1.0
24 MMBTU (million BTU) and 293 KWH (kilowatt hours) equals 1.0 MMBTU.

25 Q. What is Scenario 1?

26 A. Scenario 1 assumes all present Downtown steam customers (as
27 annualized for purposes of developing a revenue requirement in this case)
28 are converted to on-site electric boilers or on-site space heating

1 equipment. The electric revenues to be realized by the Company appear on
2 Schedule 1-1, Line 5 for the years 1987 through 1992. Year 1987 in this
3 scenario is comparable to the \$6,701,667 calculated by the Company.

4 Q. What is Scenario 2?

5 A. Scenario 2 assumes that customer attrition will result as
6 present steam customers weigh the various options available to meet their
7 space heating requirements. In Scenario 2 it is assumed that the Company
8 will lose 60% of its steam sales by 1990. This is reflected by the sales
9 figures on Schedule 1-1, Line 6.

10 Q. What is the basis for the 60% attrition in sales reflected
11 in Scenario 2?

12 A. The 60% attrition assumption is based upon assumptions used
13 in Mr. Beaudoin's prefiled direct testimony on Pages 12 and 13.

14 Q. What is Scenario 3?

15 A. Scenario 3 is essentially the same as Scenario 2 except that
16 the starting point for Scenario 3 is the 477,000 MLBs (rather than Staff's
17 annualized MLBs) mentioned on page 11 of the prefiled direct testimony of
18 Mr. Beaudoin.

19 Q. Why does Staff's analysis produce less electric revenues
20 from conversion of steam customers to on-site electric boilers and on-site
21 electric space heating equipment?

22 A. The Company used 1984 customer usage which is significantly
23 higher than Staff's annualized usage due to the loss of customers which
24 has occurred since that time. This was offset to a minor degree by using
25 a more current electric tariff rate of \$.0375 per kilowatt hour. This
26 rate will become effective May 3, 1987 pending Commission approval.

27 Q. What are the electric revenues in 1990 as a result of
28 conversion to electric boilers?

1 A. According to Staff's analysis, electric revenues in 1990
2 (Schedule 1-1, Line 10 and Schedule 1-2, Line 15) are approximately
3 \$2,300,000 using the 60% sales attrition assumption.

4 Q. Does this conclude your rebuttal testimony?

5 A. Yes, it does.
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Electric Revenues Realized upon Conversion of Steam Customers to Electric Boilers

ORDERING ALL CURRENT DELANTON STEAM CUSTOMERS CONVERT TO ELECTRIC BOILERS

Assuming All Current Downtown Steam Customers Convert to Electric Boilers (Scenario 1)							Line No.
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
	1987	1988	1989	1990	1991	1992	
Annualized Downtown MLBS (1)	455,930 MLBS	455,930	455,930	455,930	455,930	455,930	1
multiplied by Steam-to-Electric conversion factor (2)	293 KWH/MLB	293	293	293	293	293	2
KWH Sales	133,587,490 KWH	133,587,490	133,587,490	133,587,490	133,587,490	133,587,490	3
multiplied by Space-heating rate per KWH (3)	\$0.0375	\$0.0383	\$0.0391	\$0.0400	\$0.0409	\$0.0418	4
ELECTRIC REVENUES	\$5,009,531	\$5,116,401	\$5,223,271	\$5,343,500	\$5,463,728	\$5,583,957	5

DECLINING ATTRITION EXPECTED IN NCPL PREFILED TESTIMONY

Assumed Downtown Sales	455,930 MLBS	367,620	279,310	191,000	191,000	191,000	6
	293 MMH/MLB	293	293	293	293	293	7
MMH Sales	133,587,490 MMH	107,712,660	81,837,830	55,963,000	55,963,000	55,963,000	8
	\$0.0375	\$0.0383	\$0.0391	\$0.0400	\$0.0409	\$0.0418	9
ELECTRIC REVENUES	\$5,009,531	\$4,125,395	\$3,199,859	\$2,230,520	\$2,288,887	\$2,339,253	10

Assuming Steamton sales per Beaudoin pre-filed direct (EXHIBIT 2)	477,000 MMB	381,667	286,333	191,000	191,000	191,000	11
	293 KWH/MLB	293	293	293	293	293	12
MMH Sales 139,761,000 MMH		111,828,333	83,895,667	55,963,000	55,963,000	55,963,000	13
	\$0.0375	\$0.0383	\$0.0391	\$0.0400	\$0.0409	\$0.0418	14
ELECTRIC REVENUES \$5,241,038		\$4,283,025	\$3,280,321	\$2,238,520	\$2,288,887	\$2,339,253	15

ASSUMING NATIONAL STARCH CONVERTS TO AN ELECTRIC BOILER

Assuming National Starch MMB (1)	571,456						16
multiplied by Steam-to-Electric conversion factor (2)	293 KWH/MLB						17
multiplied by Space-heating rate per MMH (3)	\$0.0375						18
	\$6,279,312						19

(1) Per Staff Worksheet 8-1010

(2) Assumes 293 MMH = 1 MMBTU, and 100% electric boiler efficiency

(3) Per NCA electric tariffs (proposed)