

Exhibit No.:
Issue: Weather Normalization; Customer
Annualization of Unit Sales
Witness: Albert R. Bass, Jr.
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
and KCP&L Greater Missouri
Operations Company
Case Nos.: ER-2018-0145 and ER-2018-0146
Date Testimony Prepared: July 27, 2018

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: ER-2018-0145 and ER-2018-0146

REBUTTAL TESTIMONY

OF

ALBERT R. BASS, JR.

ON BEHALF OF

**KANSAS CITY POWER & LIGHT COMPANY and
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
July 2018**

REBUTTAL TESTIMONY

OF

ALBERT R. BASS, JR.

Case Nos. ER-2018-0145 and ER-2018-0146

1 **Q: Please state your name and business address.**

2 A: My name is Albert R. Bass, Jr. My business address is 1200 Main, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Sr. Manager of
6 Energy Forecasting and Analytics.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L and KCP&L Greater Missouri Operations Company
9 (“GMO”) (collectively, the “Company”).

10 **Q: Are you the same Albert R. Bass, Jr. who filed Direct Testimony in both ER-2018-**
11 **0145 and ER-2018-0146?**

12 A: Yes, I am.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my Rebuttal Testimony is to respond to certain conclusions sponsored by
15 Missouri Public Service Commission (“Commission” or “MPSC”) Staff’s Revenue
16 Requirement Cost of Service Report (“Report”) concerning (1) MEEIA adjustment, (2a)
17 Aggregation of Large General Service (LGS) billing determinants, (2b) Weather
18 normalization of GMO updated billing determinants for the period of November 2017
19 through June 2018 and (2c) Method for annualizing kWh billing determinants for the

1 Small General Service (SGS), Medium General Service (MGS), Large General Service
2 (LGS and Large power (LP) classes for the GMO pre-consolidation period.

3 I. MEEIA ADJUSTMENT

4 **Q: Do you agree with Staff's adjustment for energy efficiency measures (MEEIA) in**
5 **the test year?**

6 A: No, there are two issues. The first issue, Staff is using actual kWh savings in the modified
7 test year of 11/30/16 through 10/31/17. Thus, Staff is not including any kWh savings
8 after 10/31/17. The second issue, Staff is modifying the realized calculation for
9 November 2016 by using December 2016 as the current month kWh savings to which the
10 50% mid-month convention is applied and adding November 2016 as the cumulative
11 prior month kWh savings. This results in an overstatement of November 2016 savings by
12 380,386 kWh.

13 **Q: Is Staff aware of the problems with the installed efficiency measures adjustment?**

14 A: Yes. Staff is aware of the first issue and the second issue was just recently discovered.

15 **Q: Is Staff going to address these problems?**

16 A: I understand the first issue should be addressed in Staff's true-up filing. The Company
17 plans to discuss the second issue with Staff.

18 II. ADJUSTMENT TO TEST YEAR KWH SALES AND BILLING DETERMINANTS

19 **Q: Do you have any concerns with Staff's adjustment to test year kWh?**

20 A: Yes, Staff aggregation of the LGS class resulted in double counting the rate switchers.

1 **Q: Can you describe Staff's adjustment and its impact?**

2 A: When Staff aggregated rate code billing determinants for the LGS class, Staff added total
3 kWh from rate code MO940 (Which does not have a block 3) to the block 3 kWh for
4 LGS class resulting in block 3 kWh being overstated by 154,338,423 kWh.

5 **Q: Is Staff aware of the problem with its adjustment to LGS?**

6 A: Yes, the concern was discussed with Staff on June 28, 2018 in a conference call.

7 **Q: Is Staff going to address these problems?**

8 A: Yes, I understand Staff has agreed to correct the adjustment and it is reflected in Staff's
9 updated work papers.

10 **Q: Did the correction to Staff's work papers eliminate your concerns?**

11 A: No, the correction of the above adjustment in Staff's work papers made apparent a
12 concern with Staff's method for annualized pre-consolidation billing determinants for
13 GMO.

14 **Q: Do you have any concerns with Staff's GMO pre-consolidation annualization of
15 billing determinants?**

16 A: Yes, the Company has concerns with Staff's method for annualizing pre-consolidation
17 kWh sales for the SGS, and LGS classes.

18 **Q: What is the Company's concern with Staff's method for annualizing pre-
19 consolidation kWh sales?**

20 A: For each rate, Staff has replaced each billing determinant (e.g. customers, block 1 kWh,
21 block 2 kWh, etc.) during the five-month pre-consolidation period of November 2016
22 through March 2017 with the average of the corresponding billing determinants during
23 the seven months of the post-consolidation period of April 2017 through October 2017.

1 For example, block 1 kWh usage for November 2016 through March 2017 has been
2 replaced with the average of block 1 kWh usage during the April 2017 through October
3 2017 period. This process is an effort to annualize consolidated customer usage.

4 **Q: Why is this approach not appropriate?**

5 A: The problem with this approach is that the post-consolidation period contains summer
6 months while the pre-consolidation period does not contain summer months; the two
7 periods are dissimilar in terms of an important customer usage driver, namely weather.

8 **Q: What is the impact of using Staff's approach?**

9 A: The impact of using this annualization approach is overstated kWh sales. For example,
10 Staff estimates average monthly weather normalized kWh usage for the SGS, LGS and
11 LP combined customer classes to be 352,549,724 kWh (prior to annualization) for the
12 pre-consolidation period of November 2016 through March 2017. Staff estimates average
13 monthly weather normalized kWh usage for the SGS, LGS and LP combined customer
14 classes to be 391,414,615 kWh (prior to annualization) for the post-consolidation period
15 of April 2017 through October 2017. (NOTE: all non-residential customer classes are
16 included in this example to remove the impact of rate switchers.) Thus, average monthly
17 weather normalized usage is 30,467,976 kWh higher during the period that includes
18 summer months compared to the period that does not include summer months; this
19 annualization method may overstate kWh in the pre-consolidation period by 152.3
20 million kWh. Due to this seasonal difference in customer usage between the post-
21 consolidation period and the pre-consolidation period, the post-consolidation period kWh
22 sales should not be used to represent pre-consolidation kWh sales.

1 **Q: What approach should be used?**

2 A: One approach would be to use updated billing determinates for the period of November
3 2017 through June 2018 which would result in having a full twelve months of post-
4 consolidated data. This would eliminate the need to annualize the pre-consolidated time-
5 period.

6 **Q: Does the Company have concerns with Staff using updated billing determinants for**
7 **the period of November 2017 through June 2018?**

8 A: Yes. There would be concern on what method Staff would use to weather normalize the
9 updated billing determinates for the period of November 2017 through June 2018

10 **Q: Does the Company plan to discuss these concerns with Staff?**

11 A: Yes. The Company plans to reach out to Staff to discuss a method for weather
12 normalizing the updated billing determinants for the period of November 2016 through
13 June 2018 that both the Company and Staff would agree upon.

14 **Q: Does this conclude your testimony?**

15 A: Yes, it does.

