Exhibit No.:
Witness: Maurice Brubaker
Type of Exhibit: Surrebuttal Testimony
Issue: Rate Design
Sponsoring Parties: Industrials
Case No.: ER-2009-0089

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power and Light Company for Approval to Make Certain Changes in its Charges for Electric Service To Continue the Implementation of Its Regulatory Plan.	)))))))	**Case No. ER-2009-0089**

Surrebuttal Testimony of

Maurice Brubaker
on Rate Design Issues

On behalf of

NNSA
Ford Motor Company
Midwest Energy Users Association
Missouri Industrial Energy Consumers
Praxair, Inc.

April 7, 2009

BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

Project 9050

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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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 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by NNSA, Ford Motor Company, Midwest Energy Users Association, Missouri Industrial Energy Consumers and Praxair, Inc. in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in the Missouri Public Service Commission Case No. ER-2009-0089.

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

Maurice Brubaker

Subscribed and sworn to before me this 6th day of April, 2009.

TAMMY S. KLOSSNER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Mar. 14, 2011
Commission # 07024862

Notary Public

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Surrebuttal Testimony of Maurice Brubaker

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017.

Q ARE YOU THE SAME MAURICE BRUBAKER WHO HAS PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A Yes. I have previously filed both direct and rebuttal testimony on rate design issues on February 25, 2009 and March 17, 2009, respectively. I have also filed rebuttal testimony on revenue requirement issues on March 11, 2009.

Q IS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN THAT TESTIMONY?

A Yes. This information is included in Appendix A to my February 25, 2009 direct testimony on rate design issues.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of NNSA, Ford Motor Company, Midwest Energy Users Association, Missouri Industrial Energy Consumers and Praxair, Inc. (collectively "Industrials"). These companies purchase substantial amounts of electricity from Kansas City Power & Light Company (KCPL) and the outcome of this proceeding will have an impact on their cost of electricity.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A I will respond to the rebuttal testimony of KCPL witness Tim Rush and Missouri PSC Staff witness Michael Scheperle with respect to the issue of the rate design for the Large Power Service (LPS) rate class.

Q DOES KCPL WITNESS RUSH COMMENT ON YOUR PROPOSED RATE LPS DESIGN?

A Yes. He has limited comments on pages 4-6 of his rate design rebuttal testimony.

Q WHAT IS MR. RUSH'S CONCERN ABOUT YOUR RATE DESIGN?

A He states at the bottom of page 5 (lines 18 and 19) of his rebuttal testimony that if my LPS rate design is adopted there could be some customers who are now on the LPS rate that would find it beneficial to move to the Large General Service (LGS) rate. To the extent that this occurred and those customers provided KCPL with less revenue than they would have had they stayed on the LPS rate, Mr. Rush is concerned that KCPL would not collect the full amount of its expected rate increase.

Q IS IT POSSIBLE THAT THERE COULD BE A LOSS OF REVENUES?

A Only if customers decide to switch rate schedules based on the relatively small difference in rates that would exist for customers on the borderline.

Q HAS ANY QUANTIFICATION OF THIS POTENTIAL BEEN PROVIDED?

A Yes. Missouri PSC Staff witness Scheperle made a calculation for every customer on the LPS rate to compare their cost on my LPS rate proposal to their cost on KCPL's proposed Rate LGS. He determined that there would be an economic potential for only nineteen customers to switch.

Q DOES MR. SCHEPERLE'S EVALUATION PERMIT A DETERMINATION TO BE MADE AS TO THE POTENTIAL AMOUNT OF DIFFERENCE IN REVENUE IF ALL OF THESE CUSTOMERS WOULD SWITCH TO THE LGS RATE?

A Yes. A comparison of the revenue under my LPS rate design with the revenues under the LGS rate design of KCPL indicates that if all of those customers who would have lower bills under the LGS rate actually switched, the difference in revenues would be approximately $166 thousand per year.

Q WHAT IS THE MAGNITUDE OF THE DIFFERENCES FOR THESE CUSTOMERS?

A The percentage difference between the charges under my LPS rate and the LGS rate averages 1.63% for these customers.

Q HOW DOES THE $166,000 COMPARE TO THE TOTAL REVENUES FROM THE LPS RATE?

A At the proposed rate level, with a 17.5% overall rate increase, LPS revenues would be approximately $133 million. Accordingly, the potential amount at issue is just twelve one hundredth's of one percent (0.12%) of LPS revenues.

Q HOW COULD THE DESIGN OF RATE LPS BE ADJUSTED TO COVER THIS SMALL AMOUNT OF POTENTIAL REVENUE LOSS?

A It could be covered easily by applying a 17.62% increase to the LPS class (rather than 17.50%). The rate design parameters that I would use then would be no change in the third energy block and 25.85% instead of 25.61% for all other rate elements, except that the increase for the middle energy block would be 8.81%, rather than 8.75% as reflected in my direct testimony.

Q WOULD MAKING THESE ADJUSTMENTS ESSENTIALLY ELIMINATE ANY POTENTIAL FOR REVENUE LOSS TO KCPL AS A RESULT OF YOUR RATE DESIGN?

A Yes, it would.

Q ON PAGE 5 OF HIS REBUTTAL TESTIMONY (LINES 12 AND 13) MR. RUSH STATES THAT UNDER YOUR RATE DESIGN LPS CUSTOMERS USING LESS THAN 180 KILOWATTHOURS PER KILOWATT WOULD SEE AN INCREASE OF ABOUT 25%. DOES KCPL HAVE ANY LPS CUSTOMERS WITH KILOWATTHOURS USE THIS LOW?

A No. In KCPL's previous rate case (Docket No. ER-2007-0291), KCPL produced to the parties individual customer data. According to that information, no LPS customer was in that category of 180 kilowatthours use per kilowatt or less. According to that information, there were only two customers with less than 300 kilowatthours use per kilowatt. One of these was at 290 kilowatthours use per kilowatt and the other was at 200 kilowatthours use per kilowatt. There were 15 customers between 300 kilowatthours use per kilowatt and 365 kilowatthours use per kilowatt. All other customers were higher than 365 kilowatthours use per kilowatt, indicating that they had usage in the third energy block.

Q WHAT DO YOU CONCLUDE FROM THIS PROFILE?

A I conclude that the potentially large increases mentioned by Mr. Rush are really not representative of the class characteristics. This conclusion is confirmed by Staff's analysis (discussed in more detail at page 7 of this testimony) which found the largest increase to be 21.3%.

Q DOES MR. RUSH HAVE ANY OTHER COMMENTS CONCERNING YOUR LPS RATE DESIGN?

A Yes. He opines on page 6 of his rebuttal testimony (lines 3 through 19) that a large part of the increase in this case is energy-related. From this he argues that my rate design is directed toward the wrong components of the rate.

Q DO YOU AGREE WITH MR. RUSH?

A No. Mr. Rush specifically mentions the capital investment in environmental equipment and increases in fuel cost. As I discussed in my revenue requirement rebuttal testimony, the capital investment in environmental control equipment is demand-related, not energy-related. Thus, Mr. Rush's reasoning is flawed.

With respect to fuel and purchased power costs, Mr. Rush has not provided any quantification of these issues. Furthermore, however, in my rate design direct testimony I pointed out that the tail blocks in the energy charges in Rate LPS are not only in excess of the average variable cost (the normal target for a variable component such as an energy charge), but also substantially in excess of KCPL's incremental energy cost.

Thus, neither criticism that Mr. Rush has directed toward my LPS rate design has merit, and should not be relied upon for purposes of deciding this issue.

Q DOES MISSOURI PSC STAFF WITNESS SCHEPERLE ADDRESS YOUR LPS RATE DESIGN?

A Yes. He does so briefly on pages 7 and 8 of his rebuttal testimony.

Q WHAT DOES HE SAY ABOUT RATE IMPACT?

A As I noted previously, Mr. Scheperle calculated the revenues for each LPS customer under my LPS rate design and under the LGS rate. Although he found that more customers would benefit by my rate design than would not, he nevertheless opposes the change.

Q DID MR. SCHEPERLE INDICATE THE IMPACT ON CUSTOMERS OF YOUR RATE DESIGN?

A Yes. At pages 7 and 8 of his testimony he indicated that the customer impacts would vary from 2.9 percentage points less to 3.8 percentage points more than KCPL's proposed overall increase of 17.5%. This means that rate impacts would be from 14.6% to 21.3% against an average increase of 17.5%.

Q IN YOUR EXPERIENCE, IS THIS AN UNREASONABLE RANGE OF IMPACTS FROM A RATE DESIGN CHANGE?

A No, this is not a wide range for intra-class rate design changes. Thus, the rate changes which I have proposed are both cost-based and within a reasonable range from an impact perspective. Furthermore, as indicated from the kilowatthours use per kilowatt statistics I reported earlier, only very few customers would be at the far end of this range. Thus, customer impact is not a valid reason for preferring an equal percentage increase within the LPS class over my proposed rate design.

Q AT PAGE 7 OF HIS TESTIMONY, MR. SCHEPERLE COMMENTS ON A "POSSIBLE RATIONALE" FOR THE RATE DESIGN STRUCTURE OF LPS. IS THIS ISSUE RELEVANT?

A No. The reason or rationale for the structure of the existing LPS tariff is not at issue here. What is at issue is how should the existing charges within this existing rate structure be adjusted for purposes of spreading the allowed rate increase within the LPS rate in a manner that will more closely represent the cost of serving high and low load factor customers. Mr. Scheperle's comments do not address that issue.

Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A Yes, it does.

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