

Exhibit No.:
Issue: Weather Normalization
Witness: George M. McCollister
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2012-0174
Date Testimony Prepared: September 5, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0174

REBUTTAL TESTIMONY

OF

GEORGE M. McCOLLISTER

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
September 2012**

REBUTTAL TESTIMONY
OF
GEORGE M. McCOLLISTER

Case No. ER-2012-0174

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

2 A: My name is George M. McCollister, Ph.D. My business address is 1200 Main Street,
3 Kansas City, Missouri 64105.

4 **Q: Are you the same George M. McCollister who pre-filed Direct Testimony in this**
5 **matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your Rebuttal Testimony?**

8 A: The purpose of my testimony is to respond to certain conclusions sponsored by Shawn E.
9 Lange and Karen Lyons in the Missouri Public Service Commission Staff's ("Staff")
10 Revenue Requirement Cost of Service Report ("Report") for Kansas City Power & Light
11 Company ("KCP&L" or the "Company") concerning the weather sensitivity of the Large
12 Power ("LP") class and the customer growth adjustments.

13 **Q: What was Mr. Lange's conclusion regarding the weather adjustment for LP**
14 **customers?**

15 A: He states at page 81 of Staff's Report:

16 Staff did not weather normalize the Large Power Service (LPS) class. The
17 members of this class are not homogeneous and, consequently, a weather
18 response function created for one member should not be applied to any
19 other member. Staff concludes it is both appropriate and necessary to
20 annualize rather than normalize LPS for changes in customer usage and
21 count. Please see Large Power Annualization by Staff witness Seoung
22 Joun Won for a more detailed explanation of the annualization
23 adjustments for the LPS class. Applying the weather normalization

1 process to annualized usage would have introduced statistical error into
2 the product of the analysis.

3 **Q: Do you agree with Mr. Lange's statement?**

4 A: No.

5 **Q: What do you disagree with in his statement?**

6 A: First, for all the classes that are weather normalized, the weather response function is
7 estimated for the class as a whole and applied to the actual sales of the entire class. It is
8 never applied to individual customers in the methods used by either KCP&L or the Staff,
9 as Mr. Lange inferred. Second, Mr. Lange states that both weather normalizing and
10 annualizing LPS loads would introduce a statistical error into the product of the analysis.
11 While I agree with this statement, I maintain that the error is small, especially in
12 comparison to the error of not weather normalizing sales.

13 **Q: Can you describe the error to which Mr. Lange refers?**

14 A: The weather adjustment is computed before the LPS loads are annualized. In theory, the
15 annualization would change the weather adjustment as well as the actual unadjusted
16 usage.

17 **Q: Why do you believe that this error is small?**

18 A: Both adjustments are small compared to total kwh sales, so the product of the two
19 adjustments on a percentage basis would be much smaller than either adjustment by
20 itself.

21 **Q: What issue do you have with the Staff's adjustment for customer growth?**

22 A: KCP&L and the Staff use a similar methodology for making this adjustment. The
23 adjustment made by the Staff is described on page 84 of its Report. However, I noticed
24 major differences in our results made for customer counts as of March 2012. The

1 majority of this difference occurs because Staff did not make an adjustment for the entire
2 class, whereas my adjustment includes the entire class. Schedule GMM-4 shows the
3 customer counts in March 2012 by class and subclass. Staff witness Karen Lyons only
4 adjusted the subclasses shown in the rows that are shaded in my schedule. While she did
5 adjust the largest subclasses within each class, there are a substantial number of
6 customers in the subclasses that were not adjusted. Neither KCP&L nor Staff made this
7 adjustment for the Large Power Class.

8 **Q: Why should the customer growth adjustment apply to the entire classes that are**
9 **adjusted?**

10 A: The adjustments for the subclasses that were not adjusted by Staff add up to several
11 million dollars in revenues in this case based on March 2012 customer counts. Both
12 KCP&L and the Staff will revise these adjustments based on August 2012 customer
13 counts during the true up, but I expect the differences to remain substantial.

14 **Q: What is your conclusion on these issues?**

15 A: I recommend that the Commission accept KCP&L's weather adjustments to kWh sales
16 and revenue for the LPS class and KCP&L's customer growth adjustments to kWh sales
17 and revenue.

18 **Q: Does that conclude your testimony?**

19 A: Yes, it does.

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

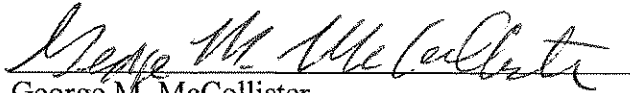
In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement)
A General Rate Increase for Electric Service) Case No. ER-2012-0174

AFFIDAVIT OF GEORGE M. McCOLLISTER

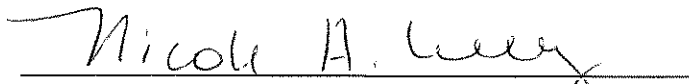
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

George M. McCollister, being first duly sworn on his oath, states:

1. My name is George M. McCollister. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager of Market Assessment.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of three (3) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


George M. McCollister

Subscribed and sworn before me this 5th day of September, 2012.


Notary Public

My commission expires: Feb. 4, 2015

NICOLE A. WEHRY Notary Public - Notary Seal State of Missouri Commissioned for Jackson County My Commission Expires: February 04, 2015 Commission Number: 11391200

MISSOURI RATE GROUP	BF Actual Customer Count
LGSP	78
LGSPA	14
LGSS	679
LGSSA	209
LGSSH	36
LARGE GEN SVC TOTAL	1,016
LPGSP	33
LPGSPO	10
LPGSS	32
LPSSO	-
LPGSSS	3
LPGSTR	2
LPSTRO	2
LARGE POWER TOTAL	82
MGSP	39
MGSPA	1
MGSS	4,866
MGSSA	408
MGSSH	89
MEDIUM GEN SVC TOTAL	5,403
SGSP	42
SGSPA	-
SGSS	23,528
SGSSA	508
SGSSH	230
SGSSU	1,216
SMALL GEN SVC TOTAL	25,524
ROU	20
RESA	189,263
RESB	40,083
RESC	10,783
RTOD	40
RESIDENTIAL TOTAL	240,189