

Exhibit No.:
Issues: Variance Request
Witness: Michael S. Scheperle
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
File No.: EO-2012-0141
Date Testimony Prepared: April 4, 2012

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

SURREBUTTAL TESTIMONY

OF

MICHAEL S. SCHEPERLE

THE CATHEDRAL SQUARE CORPORATION

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. EO-2012-0141

*Jefferson City, Missouri
April 2012*

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

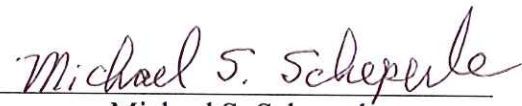
In the Matter of the Application of The)
Cathedral Square Corporation, a Missouri)
Non-Profit Corporation, For a Variance)
from Kansas City Power & Light)
Company's General Rules and)
Regulations Requiring Individual)
Metering)

File No. EO-2012-0141

AFFIDAVIT OF MICHAEL S. SCHEPERLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

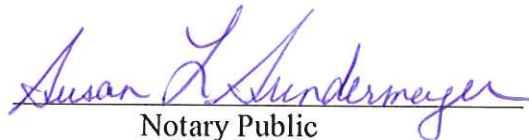
Michael S. Scheperle, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 8 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Michael S. Scheperle

Subscribed and sworn to before me this 4th day of April, 2012.





Notary Public

Table of Contents

SURREBUTTAL TESTIMONY

OF

MICHAEL S. SCHEPERLE

THE CATHEDRAL SQUARE CORPORATION

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. EO-2012-0141

1
2
3
4
5
6
7
8
9
10
11

Distinguishing Characteristics 1

Residential Service Rate Schedule..... 4

Medium General Service Rate Schedule..... 5

Staff and Electric Meter Variance Committee Recommendation..... 7

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL S. SCHEPERLE**

4 **THE CATHEDRAL SQUARE CORPORATION**

5 **KANSAS CITY POWER & LIGHT COMPANY**

6 **FILE NO. EO-2012-0141**

7 Q. Please state your name and business address.

8 A. My name is Michael S. Scheperle and my business address is Missouri Public
9 Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

10 Q. Are you the same Michael S. Scheperle who filed in this proceeding on March
11 14, 2012, rebuttal testimony, both in question and answer format and a MEMORANDUM as
12 part of the Electric Meter Variance Committee (also, attached as Schedule MSS-2 in Rebuttal
13 Testimony) concerning the Committee’s recommendation on Cathedral Square Corporation’s
14 (CSC) application for a variance from Kansas City Power & Light Company’s (KCPL)
15 General Rules and Regulations that require individual metering to the residential units at the
16 Cathedral Square Towers, located at 444 W. 12th Street in Kansas City, Missouri (CST)?

17 A. Yes, I am.

18 Q. What is the purpose of your surrebuttal testimony?

19 A. I respond to the rebuttal testimony of KCPL’s witness Tim M. Rush regarding
20 CSC’s application.

21 **Distinguishing Characteristics**

22 Q. Does Mr. Rush question the factors and considerations that the Electric Meter
23 Variance Committee used in its recommendation to grant relief to CSC?

Surrebuttal Testimony of
Michael S. Scheperle

1 A. Yes. Mr. Rush states that KCPL has not agreed that these factors and
2 considerations should be used to determine the outcome of this case or any case, since KCPL
3 was not a party to the case when the distinguishing characteristics were first formed.

4 Q. What are the six characteristics and findings of CST that formed the basis of
5 the Variance Committee's recommendation?

6 A. The six distinguishing characteristics are:

- 7 1) The average age of the residents is well over 65 years, or the residents are
8 physically or mentally impaired or disabled;

9 **Findings:** The average age of CST residents is 74 with over 96% paying
10 below market rent based on each tenants' income. There are thirty-one
11 (31) residents with physical disabilities and nineteen (19) mentally
12 impaired.

- 13 2) The facility makes available assistance with Incidental Activities of Daily
14 Living;

15 **Findings:** Numerous local organizations work closely with the CSC
16 Service Coordinator to meet the needs of residents such as homemaking
17 services, blood pressure checks, and rides to and from appointments.
18 Services include regular health clinics, all utilities included in rent
19 payment, high speed internet and cable available, controlled safety access,
20 regular trips to grocery and convenience stores, trash pickup, full
21 maintenance, and laundry facilities.

- 22 3) The facilities have special design features to accommodate the elderly, infirm
23 or disabled;

1 **Findings:** There are 31 residents with physical disabilities (10 with power
2 chairs, 21 with walkers) and 19 mentally impaired residents out of the total
3 160 CST residents. A communal dining facility is available to the
4 residents, a large communal resident's lounge, a large lobby, and a large
5 fitness and crafts room.

6 4) Communal dining is provided to residents;

7 **Findings:** Communal dining is not provided on a daily basis; however,
8 there is a large dining area and kitchen where communal needs are
9 prepared for parties and on special occasions.

10 5) Communal living areas make up a major portion of the facility;

11 **Findings:** Twenty-two percent of the facility involves the communal living
12 areas. A significant portion includes a large communal dining and
13 residents' lounge, a large communal kitchen, a large lobby, a large fitness
14 room, and a business center.

15 6) The individuals units are relatively small.

16 **Findings:** There are 144 single-bedroom units and 12 two-bedroom units
17 with 525 sq. ft. for a one-bedroom and 625 sq. ft. for a two-bedroom living
18 area.

19 Mr. Rush is correct that KCPL was not a party to the cases where these distinguishing
20 characteristics were first used. Regardless, Staff and the Electric Meter Variance Committee
21 believe that this list of distinguishing characteristics can be of assistance to the Variance
22 Committee and Commission in making appropriate and consistent recommendations
23 concerning variance applications. These six distinguishing characteristics are uniquely

1 specific to each assisted living facility and provide guidance for Commission consideration.
2 The Commission did approve the Stipulations and Agreement(s) and Staff's suggestions
3 granting variances from individual metering requirements where these six distinguishing were
4 considered in Brentmoor (Case No. EE-2004-0267) and River's Edge (Case No. EE-2004-
5 0268) from other multiple occupancy residential buildings.

6 **Residential Service Rate Schedule**

7 Q. Do you agree with Mr. Rush that the CST building would qualify for the
8 residential rate schedule if the variance is granted?

9 A. No. Neither Staff nor the Electric Meter Variance Committee addressed the
10 rate schedule applicable for service to CST in its MEMORANDUM dated December 7, 2011.
11 Neither Staff nor the Committee viewed that to be a factor in its analysis of whether CST
12 should be allowed to be master metered. However, in rebuttal testimony, Staff concluded
13 that, if master metered, service to CST would qualify for a General Service rate schedule (i.e.,
14 Medium General Service) instead of the Residential rate schedule.

15 Q. Why does Staff believe that the CST building would not qualify for the
16 Residential Service rate schedule?

17 A. The availability of the Residential Service (Schedule MSS-S1) rate schedule
18 defines availability as:

19 **AVAILABILITY:**

20 For secondary electric service to a single-occupancy private residence
21 and individually-metered, multiple occupancy residential dwellings: ...

22 Additionally, KCPL's Residential Service Rate Schedule (P.S.C. MO. No.7, Sheet No. 5)
23 outlines multiple-occupancy availability as:

24 For secondary electric service to a single-occupancy private residence through
25 one meter, at one point of delivery to a single metered multiple-occupancy
26 residential building:

1
2 The total monthly bill to each such building to which service is delivered and
3 metered at one point shall consist of the customer charge multiplied by total
4 number of residence units plus each kilowatt hour step shall be multiplied by
5 total number of residence units and calculated on the Residential Service Rate
6 Schedule. This paragraph applies only to single metered multiple-occupancy
7 buildings served as such prior to June 1, 1981. (emphasis added)

8 CST would not qualify for the Residential Service rate schedule through these provisions, as
9 these provisions only address single-occupancy private residence and individually metered,
10 multiple-occupancy residential dwellings. CST is not a single-occupancy private residence
11 and would not be an individually metered multiple-occupancy residential dwelling if granted
12 a variance. Additionally, CST would not qualify for the Residential Service rate schedule
13 multiple-occupancy building provision as it only addresses single metered multiple-
14 occupancy buildings served prior to June 1, 1981. CST was served through individual meters
15 prior to June 1, 1981. Therefore, service to CST would not qualify for the Residential Service
16 rate schedule under the AVAILABILITY section of the Residential Service.

17 **Medium General Service Rate Schedule**

18 Q. Do you agree with Mr. Rush that the CST building would not qualify for the
19 Medium General Service rate schedule?

20 A. No. The Applicability of the Medium General Service (Schedule MSS-S2)
21 rate schedule defines APPLICABILITY as:

22 Applicable to multiple-occupancy buildings when the tenants or occupants of
23 the building are furnished with electric service on a rent inclusion basis
24 (P.S.C. MO. No. 7, Sheet Nos. 9, 10, 11).

25 CST is a multiple-occupancy building, tenants are furnished electric service, and the tenants
26 pay fixed rent, inclusive of utilities. Furthermore, the Medium General Service rate schedule
27 defines Availability as:

Surrebuttal Testimony of
Michael S. Scheperle

1 AVAILABILITY:

2 For electric service through one meter to a customer using electric service
3 for purposes other than those included in the availability provisions of the
4 Residential Service Rate Schedule. (emphasis added)

5 As previously outlined, the CST building does not qualify for the Residential Service
6 rate schedule. The Medium General Service rate schedule would apply to CST as service
7 would be supplied through one meter to a customer (i.e., CSC) using electric service other
8 than the availability provisions of the Residential Service rate schedule. (emphasis added)

9 Q. Does Mr. Rush outline any other reasons why KCPL does not believe that the
10 CST would qualify for the Medium General Service rate schedule?

11 A. Yes. Mr. Rush states that the availability section of the KCPL's Medium
12 General Service rate schedule specifically states "Service will not be supplied where the
13 ultimate use is primarily for residential purposes." (Rush, Rebuttal Testimony, p. 4, lines 11-
14 12).

15 Q. Does Staff agree with Mr. Rush's characterization that the CST would not
16 qualify for the Medium General Service rate schedule based on this availability criteria?

17 A. Not necessarily. There is no bright line test to identify the ultimate use for
18 service or determine whether the ultimate use is primarily for residential purposes. The 156
19 CST apartment units are used by qualifying individuals or family units with approximately
20 22% of living space used in communal areas for the residents. This would appear to support
21 the fact that the 156 apartment units comprise 78% (100% less 22%) of the living area.
22 However, in reviewing KCPL invoices to CST for the service dates of October 12, 2011, to
23 November 9, 2011, the 156 apartment invoices total approximately \$4,872 with total electric
24 bills of approximately \$9,913. The 156 apartment units use approximately 49% of the total

Surrebuttal Testimony of
Michael S. Scheperle

1 electric cost, or less than 50%. Staff believes each variance request needs to consider the
2 uniqueness of each “independent living” facility from other multiple occupancy buildings.

3 Q. Did Staff review other information concerning separate metering variances?

4 A. Yes. Staff reviewed KCPL General Rules and Regulations Applying to
5 Electric Service, Separate Metering Variances tariff sheet (Schedule MSS-S3).

6 Q. What information is contained in Schedule MSS-S3?

7 A. Schedule MSS-S3 contains information where the Commission has granted
8 variances from the Commission’s Rule 4 CSR 240-20.050 separate metering variances. This
9 information contains:

- 10 1. Case/Order Number
- 11 2. Name/Address
- 12 3. Units
- 13 4. Code (rate schedule)

14 This information lists six variances granted by the Commission. The information also reveals
15 that all six variances are coded with a General Service rate schedule with one customer on the
16 Small General Service rate schedule (1SGSE), three customers on the Medium General
17 Service rate schedule (1MGSE or 1MGAE), and two customers on Large General Service rate
18 schedule (1LGSE or 1LGAE).

19 **Staff and Electric Meter Variance Committee Recommendation**

20 Q. Why are Staff and the Variance Committee recommending the Commission
21 order KPCL to modify its tariff so the Commission may grant a variance that would permit
22 master-metered service to CST?

23 A. Staff agrees with the Variance Committee that relief should be granted, not
24 based on the savings that CSC would see if it was billed on the Medium General Service rate
25 instead of each individual apartment receiving a bill, but because of all the distinguishing

Surrebuttal Testimony of
Michael S. Scheperle

1 | factors and characteristics the Variance Committee and Staff relied on for their
2 | recommendation.

3 | Q. Does this conclude your surrebuttal testimony?

4 | A. Yes, it does.

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No.

7

First

Original

Sheet No. 5

Revised

Cancelling P.S.C. MO. No.

7

Original

Sheet No. 5

Revised

For Missouri Retail Service Area

RESIDENTIAL SERVICE Schedule R

AVAILABILITY:

*For secondary electric service to a single-occupancy private residence and individually-metered, multiple occupancy residential dwellings:

Single-phase electric service through one or more meters for ordinary domestic and farm use for all customers who request to be served under this rate. Customers currently served with separately metered space heat shall be eligible for the single meter heat rate (Rate B) only if the needed meter conversion from two meters to a single meter can be made.

*Three-phase electric service for ordinary domestic and farm use customers being served residential three-phase prior to the effective date of this revision or, at the Company's discretion, for residential customers requesting ordinary domestic use residential three-phase service subsequent to the effective date of this revision. The Customer shall bear all costs related to provision of three-phase service greater than the costs associated with providing normal, single-phase residential.

Single-phase electric service through a single or separately metered circuit for space heating purposes in the residence. Single metered electric space heating equipment shall be of a size and design sufficient to heat the entire residence. Electric space heating equipment may be supplemented by wood burning fireplaces, wood burning stoves, active or passive solar heating, and used in conjunction with fossil fuels where the combination of energy sources results in a net economic benefit to the customer. Electric space heating equipment shall be permanently installed and thermostatically controlled. In addition to the electric space heating equipment, only permanently installed all-electric single-phase equipment used to cool or air condition the same space which is electrically heated may be connected to the separately metered circuit, with the exception noted in Rate Section D below.

For secondary electric service through one meter, at one point of delivery to a single metered multiple-occupancy residential building:

The total monthly bill to each such building to which service is delivered and metered at one point shall consist of the customer charge multiplied by total number of residence units plus each kilowatt hour step shall be multiplied by total number of residence units and calculated on the Residential Service Rate Schedule. This paragraph applies only to single metered multiple-occupancy buildings served as such prior to June 1, 1981.

Customers served under the RDS, RTDD, and RTDE Rate Schedules as of July 9, 1996, must take service under the R or RTOD Rate Schedules.

Temporary or seasonal service will not be supplied under this schedule.

TERM OF CONTRACT:

Contracts under this schedule shall be for a period of not less than one year from the effective date thereof.

***Indicates change**

DATE OF ISSUE: March 1, 2005

DATE EFFECTIVE: March 31, 2005

ISSUED BY:

1201 Walnut, Kansas City, Mo. 64106

William P. Herdegen
Vice President

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No. 7 Third Original Sheet No. 10
 Revised
Cancelling P.S.C. MO. No. 7 Second Original Sheet No. 10
 Revised
For Missouri Retail Service
Area

**MEDIUM GENERAL SERVICE
Schedule MGS**

AVAILABILITY:

For electric service through one meter to a customer using electric service for purposes other than those included in the availability provisions of the Residential Service Rate Schedule. At the Company's discretion, service may be provided through more than one meter where it is economical for the Company to do so.

For electric service through a separately metered circuit for water heating connected prior to July 9, 1996.

For secondary electric service through a separately metered circuit for existing customers for electric space heating purposes. Electric space heating equipment may be supplemented by or used as a supplement to wood burning fireplaces, wood burning stoves, active or passive solar heating, and in conjunction with fossil fuels where the combination of energy sources results in a net economic benefit to the customer. Electric space heating equipment shall be permanently installed, thermostatically controlled, and of a size and design approved by the Company. In addition to the electric space heating equipment, only permanently installed all electric equipment, used to cool or air condition the same space which is electrically heated, may be connected to the separately metered circuit.

Service will not be supplied where the ultimate use is primarily for residential purposes.

Standby, breakdown or supplementary service is available under this schedule if the customer seeking such service first enters into a special contract which includes technical and safety requirements similar to those required for qualifying facilities in 4 CSR 240-20.060(2)(C). These requirements, and the associated interconnection costs, shall be reasonable and assessed on a nondiscriminatory basis with respect to other customers with similar load characteristics. Temporary service supplied under this schedule will be connected and disconnected in accordance with the General Rules and Regulations.

The Separately Metered Space Heat rate of this schedule is available only to Customers' physical locations currently taking service under such Separately Metered Space Heat rate and who are served under such rate continuously thereafter.

APPLICABILITY:

Applicable to multiple-occupancy buildings when the tenants or occupants of the building are furnished with electric service on a rent inclusion basis.

This rate also will be applied to the combined use of a customer at the premise where two or more classes of service (such as one-phase and three-phase services) to the customer at such premise are measured by separate meters, but only in the case of such customers connected prior to May 5, 1986. Monthly Maximum Demand will be computed as the sum of the individual meters' monthly maximum 30-minute interval demand at each service. Customers with more than one class of service connected on or after May 5, 1986 will be billed separately for each class of service.

TERM OF CONTRACT:

Contracts under this schedule shall be for a period of not less than one year from the effective date thereof, except in the case of temporary service.

January 1, 2008

DATE OF ISSUE: December 13, 2007
ISSUED BY: Chris B. Giles
Vice-President

DATE EFFECTIVE: January 12, 2008
1201 Walnut, Kansas City, Mo. 64106

Schedule MSS-S2

FILED
Missouri Public
Service Commission
ER-2007-0291

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No. 2 Third Original Sheet No. 1.71
 Revised
 Cancelling P.S.C. MO. No. 2 Second Original Sheet No. 1.71
 Revised
 For Rate Area No. 1-Urban Area & Rate Area No. 3-Suburban

GENERAL RULES AND REGULATIONS APPLYING TO ELECTRIC SERVICE

21. SEPARATE METERING VARIANCES

Variations from the Commission's Rule, 4 CSR 240-20.050 Individual Electric Meters-When Required, have been granted by the Missouri Public Service Commission for the following buildings:

<u>Case/Order Number</u>	<u>Name/Address</u>	<u>Units</u>	<u>Code</u>
1. EO-2000-251	Bickford House 9110 E. 63 rd Raytown, MO	65	1MGSE
2. EE-2001-663	David Cole Place 11301 Grandview Rd Kansas City, MO	65	1LGSE
3. EE-2002-32	Stonecroft Ministries 10121 Grandview Road Kansas City, MO	37	1MGSE
4. EE-2003-0282	Bishop Spencer Place 4301 Madison Avenue Kansas City, MO	126	1MGAE
5. EE-2003-0199	David Postlewait 212 W. 39 th St. Kansas City, MO	6	1SGSE
6. EE-2006-0123	Wall Street Towers 1101 Walnut Kansas City, MO	143 Res 4 Comm	1LGAE

FILED
MO PSC
 EE-2006-0123

DATE OF ISSUE: January 30, 2006
 ISSUED BY: Chris B. Giles
 Vice President

DATE EFFECTIVE: March 8, 2006
1201 Walnut, Kansas City, Mo. 64106