

Exhibit No.
Witness: Maurice Brubaker
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Sedalia Industrial Energy Users Group and
the United States Executive Agencies
Case No. ER-2001-672
Subjects: Rate Design

**Before the
Missouri Public Service Commission**

In the Matter of the Tariff Filing of)
Missouri Public Service (MPS), a Division)
of UtiliCorp United, Inc., to Implement a)
General Rate Increase for Retail Electric)
Service Provided to Customers in the)
Missouri Service Area of MPS.)

Case No. ER-2001-672

FILED²

Surrebuttal Testimony of

Maurice Brubaker

JAN 22 2002

**Missouri Public
Service Commission**

On Behalf of

**Sedalia Industrial Energy Users Association
and the
United States Executive Agencies**

January 21, 2002
Project 7661



BRUBAKER & ASSOCIATES, INC.

ST. LOUIS, MO 63141-2000

**Before the Public Service Commission
of the State of Missouri**

**In the Matter of the Tariff Filing of)
Missouri Public Service (MPS), a Division)
of UtiliCorp United, Inc., to Implement a)
General Rate Increase for Retail Electric)
Service Provided to Customers in the)
Missouri Service Area of MPS.)**

Case No. ER-2001-672

**STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS) **SS****


Surrebuttal 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 1215 Fern Ridge Parkway, Suite 208, St. Louis, Missouri 63141-2000. We have been retained by the Sedalia Industrial Energy Users Association and the United States Executive Agencies in this proceeding on their behalf.

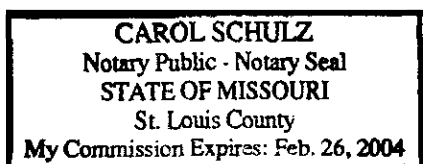
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2001-672.

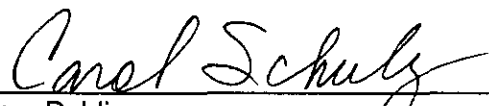
3. I hereby swear and affirm that the surrebuttal testimony is true and correct and shows the matters and things it purports to show.



Maurice Brubaker

Subscribed and sworn to before this 21st day of January 2002.





Notary Public

My Commission Expires February 26, 2004.

**Before the
Missouri Public Service Commission**

In the Matter of the Tariff Filing of) Missouri Public Service (MPS), a Division) of UtiliCorp United, Inc., to Implement a) General Rate Increase for Retail Electric) Service Provided to Customers in the) Missouri Service Area of MPS.)	Case No. ER-2001-672
---	----------------------

Surrebuttal Testimony of Maurice Brubaker

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A Maurice Brubaker. My business address is 1215 Fern Ridge Parkway, Suite 208,**
3 **St. Louis, Missouri 63141-2000.**

4 **Q ARE YOU THE SAME MAURICE BRUBAKER WHO FILED DIRECT AND**
5 **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

6 **A Yes, I am.**

7 **Q WHAT SUBJECT WILL YOUR SURREBUTTAL TESTIMONY ADDRESS?**

8 **A In this surrebuttal testimony I will address the rebuttal testimony of Missouri Public**
9 **Service Company (MoPub) witness Matt Tracy.**

**Maurice Brubaker
Page 1**

1 **Q TO WHAT PART OF MR. TRACY'S TESTIMONY ARE YOU RESPONDING?**

2 A I am responding to a portion of his testimony that begins on Page 2 where he
3 recommends that certain rate blocks not participate in any revenue decrease that the
4 Commission might find appropriate.

5 **Q WHAT IS MR. TRACY'S BASIS FOR RECOMMENDING THAT THESE BLOCKS**
6 **NOT BE ALLOWED TO PARTICIPATE IN ANY RATE DECREASE?**

7 A He provides no supporting justification. He simply states at the top of Page 3 of his
8 testimony that "... These rates were set as low as possible during the last class cost
9 of service study. ..." and that the Company would "... prefer not to reduce them
10 further without a CCOS to use as a guide, so we are not put in a position of providing
11 energy below its cost."

12 **Q DID MR. TRACY PROVIDE ANY COST OF SERVICE EVIDENCE, ANY RATE**
13 **DESIGN CALCULATIONS OR ANY OTHER ANALYSIS TO SUPPORT HIS**
14 **POSITION?**

15 A No, he did not.

16 **Q WHICH RATE CODE GROUPS ARE YOU ADDRESSING IN THIS TESTIMONY?**

17 A I am primarily addressing the "Code B" group which pertains to the high load factor
18 blocks for customers on the Large Power Service rate. However, the exact same
19 rationale applies to the "Code A" group of rate blocks which are essentially off-peak
20 charges.

Maurice Brubaker
Page 2

1 **Q IS THERE ANY CONCERN THAT A REVENUE REDUCTION WOULD RESULT IN**
2 **MOPUB PROVIDING ENERGY IN THESE BLOCKS "... BELOW ITS COST..."?**

3 **A Not unless the rate reduction is very large.**

4 **Q PLEASE EXPLAIN.**

5 **A The lowest value for any of these rates is 2.65¢ per kilowatthour for some of the**
6 **blocks in the "Code A" group. The charges in this group range from 2.65¢ per**
7 **kilowatthour to 3.13¢ per kilowatthour. In the Code B group the range of values is**
8 **from 2.71¢ per kilowatthour for the block in excess of 360 kilowatthours per kilowatt of**
9 **demand at the primary voltage level and 2.77¢ per kilowatthour for similar high load**
10 **factor service at the secondary voltage level.**

11 **Q HAVE YOU MADE ANY CALCULATIONS TO INDICATE THE COST OF ENERGY**
12 **ASSOCIATED WITH ANY OF THESE BLOCKS?**

13 **A Yes. A reasonable approximation can be made by looking at fuel and variable**
14 **purchased power costs and accounting for generation system maintenance and**
15 **losses. As long as energy in these off-peak blocks is sold at a price in excess of this**
16 **amount, the Company is not going to be losing money on the sale.**

17 **Q WHAT CALCULATIONS HAVE YOU MADE?**

18 **A I start with the average fuel and purchased power cost from MoPub's updated filing.**
19 **This filing uses the overstated gas prices, so it should be a conservative (i.e., in this**
20 **context, high) indicator of average fuel and purchased power cost. From the**
21 **Company's update filing, this amounts to 1.6¢ per kilowatthour. A further measure of**
22 **conservatism is the fact that this is the average, while consumption in the blocks in**

Maurice Brubaker
Page 3

1 question would tend to be off-peak, either seasonally or on a daily basis, and
2 therefore if examined on a time of use basis the energy cost associated with sales in
3 these blocks would probably be less than average.

4 **Q PLEASE CONTINUE.**

5 A The next item I looked at was maintenance expense for the production system.
6 Based on the information reported on Pages 320 and 321 of MoPub's year 2000
7 FERC Form 1 Report, total generation system maintenance was approximately \$10.4
8 million. Spread over test year sales volumes, this is approximately 0.2¢ per kilowatt-
9 hour. This also is conservative because not all maintenance is variable – some is
10 generally regarded to be fixed or non-variable.

11 **Q WHAT ABOUT SYSTEM LOSSES?**

12 A From the Company's calendar year 2000 Form 1 Report (Page 401) average losses
13 are approximately 10%. Again, this is conservative because losses at the primary
14 voltage level and losses occurring in off-peak hours tend to be less than losses
15 occurring during peak load conditions. Combining the fuel and variable purchased
16 power cost of 1.6¢ per kilowatthour with maintenance costs of 0.2¢ per kilowatthour
17 produces a total cost of 1.8¢ per kilowatthour. Adding 10% losses brings this number
18 to approximately 2¢ per kilowatthour. Thus, with rate values in excess of 2.65¢ per
19 kilowatthour, a rather significant decrease – on the order of 25% – would be required
20 to put the Company in danger of providing “. . . energy below its cost.”.

1 **Q WHAT IS YOUR RECOMMENDATION?**

2 A It is my recommendation that if there is a revenue decrease that the blocks in
3 question (the Code A and Code B groups) should participate with the same
4 percentage decrease as is applied to the class of customers in which these blocks
5 reside.

6 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

7 A Yes, it does.

MEB:cs/7661/26981