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Service Commission

Exhibit No.: 107

Issue: Loss Study

Witness: Alan J. Bax

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: ER-2016-0156

Date Testimony Prepared: September 2, 2016

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

**OPERATIONAL ANALYSIS
ENGINEERING ANALYSIS UNIT**

SURREBUTTAL TESTIMONY

OF

ALAN J. BAX

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2016-0156

*Jefferson City, Missouri
September 2016*

1 SURREBUTTAL TESTIMONY

2 OF

3 ALAN J. BAX

4 KCP&L GREATER MISSOURI OPERATIONS COMPANY

5 CASE NO. ER-2016-0156

6 Q. What is your name?

7 A. Alan J. Bax.

8 Q. Are you the same Alan J. Bax who contributed to Staff's Revenue
9 Requirement Cost of Service Report ("COS Report") filed on July 15, 2016 and filed Rebuttal
10 Testimony on August 15, 2016?

11 A. Yes, I am.

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

13 A. My surrebuttal testimony responds to the rebuttal testimony of KCP&L
14 Greater Missouri Operations Company ("GMO") witness Tim M. Rush regarding "The Line
15 Loss Study", which begins on Page 26, Line 10. More specifically, my rebuttal testimony
16 will address the following excerpt from the rebuttal testimony of Mr. Rush. On Page 27,
17 Lines 1-7 of his rebuttal testimony, Mr. Rush states:

18 The Company has provided to Staff responses to data requests to
19 answer Staff questions and concerns about the line loss study. The
20 Company has also provided a supplemental spreadsheet to the line loss
21 study which showed how the combined line losses were developed for
22 a consolidated basis. The Company believes that the proposed
23 methodology for the combined line losses to be used for the FAC as
24 well as in the rate design proposal is appropriate.

25 Q. Do GMO's data request responses resolve Staff's concerns regarding the line
26 loss study results?

Surrebuttal Testimony of
Alan J. Bax

1 A. No. For example, Staff has not received what GMO described as “preliminary
2 results” in its initial response to Staff Data Request No. 0280. Furthermore, GMO indicated
3 in its response that “transformers were reassigned from one GMO company to the other GMO
4 company” as a consequence of these “preliminary results”. Staff has not received any specific
5 information requested pertaining to this list of transformers.

6 Q. Is Staff concerned with the methodology GMO used to determine a
7 GMO-wide loss factor?

8 A. No. The loss study contained results for the individual MPS and L&P rate
9 districts. The loss study did not contain an analysis of GMO’s system as a whole. GMO’s
10 methodology to determine its system wide loss factor was to calculate a weighted average of
11 the loss factors for the individual rate districts. Staff continues to be concerned with the loss
12 factors included in the loss study for the individual rate districts but not how GMO utilized
13 this information in its determination of a combined GMO loss factor, which is illustrated on
14 Schedule TMR-8 in the direct testimony of Mr. Rush.

15 Q. Did Staff request GMO to compare the specific results for its individual rate
16 districts included in the loss study to actual losses it recently incurred?

17 A. Yes. In its response to Staff Data Request No. 0281, GMO included a table of
18 annual loss factors for each calendar year from 2009 through 2015, which is attached to this
19 surrebuttal testimony as Schedule AJB-s1. This response is specifically noted by GMO as
20 having been analyzed at the “GMO operating level”. The annual loss factor illustrated in
21 calendar year 2013 for the GMO system as a whole, the same twelve-month period utilized in
22 the analysis contained in the loss study, was 6.26%. This response states that the line loss
23 percentage for the GMO system as a whole in the line loss study is 7.29%.

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1 Q. If GMO's recommended company-wide loss factor is 7.29%, what is Staff's?

2 A. Staff recommends a company-wide loss factor of 6.71%.

3 Q. How do Staff's and GMO's company -wide loss factors compare to the actual
4 annual loss factors GMO provided in response to Staff Data Request No. 0281?

5 A. The data response shows a five-year average loss factor of 6.76% and
6 an average loss factor for the entire data set presented of 6.64%. Staff's recommended
7 company-wide loss factor of 6.71% is in between these two values, while GMO's proposed
8 factor of 7.29% is not only significantly greater than the five-year average, but also exceeds
9 the annual average of every year analyzed.

10 Q. Do you agree with Mr. Rush that GMO's methodology for determining a
11 company-wide loss factor, used in its FAC as well as in designing GMO's rates, is
12 appropriate?

13 A. Yes. However, the problem is not with the methodology that GMO utilized in
14 its determination of a GMO-wide loss factor, but with the resulting loss factors calculated for
15 the individual MPS and L&P rate districts in the loss study that were used by GMO in its
16 determination of a company-wide loss factor. Staff concerns regarding the loss factors
17 included in the loss study for the MPS and L&P rate districts have not diminished. Therefore,
18 Staff continues to use the results of the previous loss study in its comparable analyses as
19 previously described in Staff's COS.

20 Q. Does this conclude your surrebuttal testimony?

21 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri)
Operations Company's Request for Authority) Case No. ER-2016-0156
to Implement A General Rate Increase for)
Electric Service)

AFFIDAVIT OF ALAN J. BAX

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ALAN J. BAX and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony and that the same is true and correct according to his best knowledge and belief.

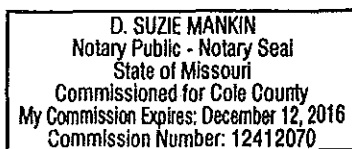
Further the Affiant sayeth not.

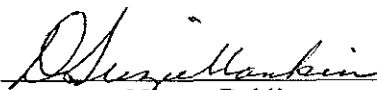


ALAN J. BAX

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of September, 2016.





Notary Public

Case No. ER-2016-0156

KCP&L Greater Missouri Operations Company

Line Loss Analysis Based on NSI													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2008								8.79%	7.35%	6.35%	4.47%	5.82%	6.55%
2009	6.22%	6.09%	4.31%	6.51%	6.34%	6.47%	7.70%	5.61%	5.55%	6.21%	5.21%	5.98%	6.02%
2010	8.42%	5.80%	7.42%	5.69%	6.02%	7.13%	7.28%	7.53%	7.41%	7.66%	5.98%	8.71%	7.09%
2011	6.72%	6.96%	8.89%	8.20%	6.14%	6.40%	7.61%	7.11%	7.21%	8.07%	6.06%	7.88%	7.27%
2012	6.59%	6.00%	6.92%	6.11%	4.53%	7.74%	6.19%	6.91%	6.10%	7.21%	6.83%	6.10%	6.44%
2013	7.51%	5.38%	8.39%	5.57%	6.22%	5.99%	6.10%	6.11%	5.27%	7.22%	5.95%	5.47%	6.26%
2014	6.65%	6.44%	7.67%	6.00%	6.59%	10.09%	5.58%	7.67%	7.03%	7.03%	5.53%	4.76%	6.75%
2015	6.56%	8.62%	4.81%	7.53%	5.47%								6.60%
Average	7.02%	6.11%	7.27%	6.35%	5.97%	7.30%	6.74%	7.10%	6.56%	7.11%	5.72%	6.39%	6.64%
Adjusted	6.80%	6.11%	7.86%	5.98%	6.13%	6.75%	6.80%	7.06%	7.02%	7.28%	5.75%	5.84%	6.61%
5-Yr Ave	7.18%	6.12%	7.86%	6.31%	5.90%	7.47%	6.55%	7.06%	6.60%	7.44%	6.07%	6.58%	6.76%
StDev	0.76%	1.07%	1.74%	0.99%	0.70%	1.50%	0.90%	1.05%	0.90%	0.67%	0.75%	1.39%	1.03%
Upper	7.78%	7.18%	9.00%	7.34%	6.67%	8.80%	7.64%	8.15%	7.46%	7.77%	6.46%	7.78%	7.67%
Lower	6.26%	5.04%	5.53%	5.36%	5.28%	5.81%	5.85%	6.06%	5.66%	6.44%	4.97%	4.99%	5.60%
Line Loss calculated from line loss study				7.29%									