

Exhibit No.:  
Issues: Class Cost-of-Service  
Rate Design  
Witness: Walt Cecil  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: ER-2009-0090  
Date Testimony Prepared: April 9, 2009

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**WALT CECIL**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**CASE NO. ER-2009-0090**

**Jefferson City, Missouri**

**April 2009**

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

In the Matter of the Application of )  
KCP&L Greater Missouri Operations )  
Company for Approval to Make Certain )  
Changes in its Charges for Electric )  
Service. )

Case No. ER-2009-0090

**AFFIDAVIT OF WALT CECIL**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

Walt Cecil, 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 3 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.

Walt Cecil  
Walt Cecil

Subscribed and sworn to before me this 8<sup>th</sup> day of April, 2009.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

Susan Sundermeyer  
Notary Public

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**SURREBUTTAL TESTIMONY**

**OF**

**WALT CECIL**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**CASE NO. ER-2009-0090**

Q. Please state your name and business address.

A. My name is Walt Cecil and my business address is Governor Office Building, 200 Madison Street, Suite 700, P. O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Walt Cecil that previously prefiled direct and rebuttal testimony in this case on February 27, 2009 and on March 19, 2009, respectively?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to respond to the concept of “re-basing” as described the rebuttal testimony of Mr. Tim Rush filed on behalf of KCP&L Greater Missouri Operations Company (GMO) and to comment on the difference in the rate designs he proposed for Kansas City Power & Light Company (KCPL) in ER-2009-0089 and for GMO in ER-2009-0090.

Q. To what does Mr. Rush refer by his use of the term “re-basing?”

A. In Mr. Rush’s GMO rebuttal testimony, page 4, lines 6 and 7, he states, “Staff’s position does not recognize the fuel cost re-base in its rate design and therefore should be dismissed.”

Q. Is this an accurate representation of Staff’s rate design?

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Walt Cecil

1           A.     No it is not. Staff accounts for what Mr. Rush calls "re-basing" by using  
2 revenue requirement in the determination of permanent rates that includes the annualized,  
3 normalized fuel expense. This is the traditional manner in which these costs have been  
4 treated. The fuel adjustment charge base rate will be changed based on this annualized,  
5 normalized fuel expense. Only future deviations from the *base* fuel cost are recovered or  
6 refunded by the Fuel Adjustment Charge mechanism.

7           Q.     Please describe the rate design Mr. Rush proposed for KCPL in Case No. ER-  
8 2009-0089.

9           A.     In Mr. Rush's direct testimony in ER-2009-0089, on page 9, lines 20-22, he  
10 states, "I then recommend that the increase in revenue requirement in this case be spread on  
11 an equal percentage basis to all rates."

12          Q.     Please describe the rate design he proposed for GMO.

13          A.     In Mr. Rush's direct testimony in ER-2009-0090, on page 7, lines 11-14, he  
14 states, "I am proposing a percentage increase of the non-fuel portion of the proposed rate  
15 increase. The rebase amount would be included as a per kWh component in the rates. I am  
16 proposing to rebase the fuel costs to equal the expected costs for the test period filed in this  
17 case."

18          Q.     Please address the dichotomy between the proposals Mr. Rush recommended  
19 for KCPL and GMO.

20          A.     For KCPL Mr. Rush proposes to treat fuel cost recovery differently than he  
21 does for GMO. In KCPL Case No. ER-2009-0089, a case in which a class cost-of-service  
22 study was filed, he recommends that the entire rate increase be spread to the classes on an  
23 equal percentage bases. In this case, in the absence of a class cost-of-service study, he

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1 | proposes that the total revenue increase be somehow split between fuel costs and non-fuel  
2 | costs, and then spread to the classes by two different allocation methods, which would result  
3 | in unequal percentage increases to the classes.

4 |         These recommendations are inconsistent.

5 |         Q.     How should the FAC bear on the determination of rates?

6 |         A.     The existence or non-existence of an FAC should have no bearing on how cost  
7 | increases are allocated to the classes.

8 |         Q.     Please restate Staff's position.

9 |         A.     In the absence of a class cost-of-service study which would justify an inter-  
10 | class shifting of revenue responsibilities prepared for and filed in this case, the Staff  
11 | recommends that any overall revenue increase granted to GMO be accomplished by an equal  
12 | percentage increase to each customer class and within each class to each rate component of  
13 | each rate schedule.

14 |         Q.     Does this conclude your surrebuttal testimony?

15 |         A.     Yes.