

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

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Rate Design  
Kind/Rebuttal  
Public Counsel  
ER-2009-0090

# **REBUTTAL TESTIMONY**

## **OF**

## **RYAN KIND**

Submitted on Behalf of the Office of the Public Counsel

AQUILA, INC.  
D/B/A KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2009-0090

March 19, 2009



**REBUTTAL TESTIMONY**  
**OF**  
**RYAN KIND**  
**AQUILA INC. D/B/A**  
**KCP&L GREATER MISSOURI OPERATIONS COMPANY**  
**CASE NO. ER-2009-0090**

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

2 A. Ryan Kind, Chief Energy Economist, Office of the Public Counsel, P.O. Box 2230,  
3 Jefferson City, Missouri 65102.

4 **Q. ARE YOU THE SAME RYAN KIND THAT HAS PREVIOUSLY FILED REBUTTAL TESTIMONY**  
5 **IN THIS CASE REGARDING REVENUE REQUIREMENT ISSUES?**

6 A. Yes.

7 **I. INTRODUCTION**

8 **Q. PLEASE IDENTIFY THE ISSUES THAT YOU WILL ADDRESS IN YOUR TESTIMONY.**

9 A. The issues that are addressed in this testimony include:

- 10 • The rate design proposals filed in direct testimony by Commission Staff (Staff)  
11 witness Walt Cecil, and Industrials witness Maurice Brubaker; and
- 12 • The proposed FAC tariffs filed in direct testimony by KCP&L Greater Missouri  
13 Operations Company (GMO or Company) witness Tim Rush and Staff witness  
14 John Rogers.

1 **II. RATE DESIGN PROPOSALS FOR APPLICATION OF INCREASE TO**  
2 **CUSTOMER CLASSES**

3 **Q. DOES THE COMMISSION STAFF SUPPORT SPREADING ANY OVERALL INCREASE TO**  
4 **THE VARIOUS CUSTOMER CLASSES THROUGH AN EQUAL PERCENTAGE INCREASE FOR**  
5 **ALL OF THE CLASSES?**

6 A. Yes. In his direct testimony, Staff witness Walt Cecil states that “the Staff proposes an  
7 across-the-board equal percentage increase in GMO’s existing rates.”

8 **Q. WHAT IS PUBLIC COUNSEL’S RESPONSE TO THIS STAFF POSITION?**

9 A. OPC agrees with the Staff position on this issue. Specifically, Public Counsel supports  
10 increasing class revenue requirements by equal percentages if the Commission approves  
11 an overall rate increase in this case.

12 **Q. DO ANY OF THE PARTIES TO THIS CASE PROPOSE A DIFFERENT APPROACH TO**  
13 **SPREADING ANY OVERALL RATE INCREASE TO THE CUSTOMER CLASSES?**

14 A. Yes. Maurice Brubaker’s direct rate design testimony on behalf of the “Industrials”  
15 proposes a different approach that would result in different percentage increases for  
16 different classes if the Commission approves a rate increase in this case.

17 **Q. HAS MR. BRUBAKER PROVIDED A NEW OR UPDATED COST STUDY TO SUPPORT HIS**  
18 **PROPOSAL FOR INCREASING CLASS REVENUE REQUIREMENTS BY DIFFERENT**  
19 **PERCENTAGES?**

20 A. No. He attempts to support his proposal with a quantitative analysis but this analysis does  
21 not include a new or updated class cost of service study analysis based on the current cost  
22 structure of GMO’s provision of regulated electric service.

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**Q. IS IT REASONABLE TO INCREASE CLASS REVENUE REQUIREMENTS BY DIFFERENT PERCENTAGES WITHOUT HAVING CURRENT CLASS COST OF SERVICE INFORMATION THAT CAN BE RELIED UPON AS THE BASIS FOR APPLYING DIFFERENT INCREASE PERCENTAGES TO DIFFERENT CLASSES?**

A. No. Unless the Commission has determined that it has up-to-date and credible information on the costs of providing service to each class, then there is no basis for making percentage increases in class revenue requirements that differ from any overall revenue requirement increase approved by the Commission.

**Q. WHY IS IT IMPORTANT TO HAVE UP TO DATE CLASS COST OF SERVICE STUDY INFORMATION BEFORE MAKING DECISIONS ABOUT HOW TO SPREAD AN INCREASE TO CUSTOMER CLASSES IN ANY MANNER OTHER THAN AN EQUAL PERCENTAGE INCREASE?**

A. The results of class cost of service studies and the cost causation responsibility that they show for the various customer classes are highly dependent on the relationship between the resources that a utility uses to provide service and class load levels and usage patterns. These relationships can change over time and the resources themselves (e.g. purchased power agreements expire and new ones with different costs begin) can also change over time.

1 **III. FAC TARIFFS**

2 **Q. PLEASE IDENTIFY THE FUEL ADJUSTMENT CLAUSE (FAC) TESTIMONY THAT YOU WILL**  
3 **ADDRESS IN YOUR TESTIMONY.**

4 A. I will address the FAC testimony filed by GMO witness Tim Rush and Staff witness John  
5 Rogers. Both of these witnesses addressed the GMO FAC tariffs in their direct testimony  
6 (Mr. Rogers' actually addressed this subject in the portion of the Staff Report – Class  
7 Cost of Service and Rate Design that was sponsored by him).

8 **Q. PLEASE PROCEED WITH YOUR REMARKS REGARDING THE FAC TESTIMONY OF GMO**  
9 **WITNESS TIM RUSH.**

10 A. On page 7 of his testimony, at lines 15 – 23, Mr. Rush specifies new base amounts for  
11 fuel costs that should be reflected in the base amount of rates and in the FAC tariffs as a  
12 base amount from which periodic adjustments would be calculated. I do not agree with  
13 the specific base amounts set forth in Mr. Rush's testimony and believe that the base  
14 amounts that should be included in the FAC tariffs should be based upon the updated fuel  
15 costs as determined by the Commission in the True-up phase of this proceeding.

16 **Q. PLEASE PROCEED WITH YOUR REMARKS REGARDING THE FAC TESTIMONY OF STAFF**  
17 **WITNESS JOHN ROGERS.**

18 A. In the portion of the Staff Report that he sponsors, Mr. Rogers discusses several  
19 recommended changes to the FAC tariffs. OPC agrees with the intent of some of the  
20 recommended changes but we do not agree with many of the actual changes made in the  
21 illustrative tariffs that are attached to the Staff Report. Public Counsel supports including  
22 off-system sales margins in the FAC and generally support including the fuel and short-  
23 term purchased power costs associated with these sales in the FAC as well. This approach

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Ryan Kind

1           has the benefit of eliminating the need to try and separate the fuel costs associated with  
2           serving native load from the fuel costs associated with off-system sales transactions. OPC  
3           is generally supportive of the method of including these off-system sales revenues and  
4           costs in the FAC formula in the currently effective Union Electric Company (UE) FAC  
5           tariff (see UE Tariff Sheet Nos. 98.2, 98.3, 98.4, and 98.5). The UE FAC structure is  
6           different than the FAC tariff structure recommended by Staff in this case.

7           **Q.    HAVE THE PARTIES BEEN DISCUSSING WAYS THAT THEY COULD RESOLVE THEIR**  
8           **DIFFERENCES IN HOW GMO'S FAC TARIFFS SHOULD BE STRUCTURED?**

9           A.    Yes. The parties have had some limited discussions of this topic and intend to have  
10           further discussions in the near future. One of the items that will likely be discussed is  
11           how to properly account for the variable costs associated with GMO's Southwest Power  
12           Pool (SPP) participation in an FAC tariff. Public Counsel intends to participate in future  
13           discussions with other parties on the SPP cost issue and other FAC tariff issues to explore  
14           areas of agreement between the parties on FAC tariff issues.

15           **Q.    DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

16           A.    Yes.

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