

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Revenue Requirement

Meisenheimer/Rebuttal

Public Counsel

ER-2010-0355

REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

Kansas City Power & Light

REVENUE REQUIREMENT

CASE NO. ER-2010-0355

December 8, 2010

REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

**KANSAS CITY POWER & LIGHT
(REVENUE REQUIREMENT)**

CASE NO. ER-2010-0355

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

2 A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel, P. O.
3 2230, Jefferson City, Missouri 65102.

4 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?**

5 A. Yes, I filed testimony with the Missouri Public Service Commission. (PSC or Commission)
6 regarding class cost of service and rate design issues on November 24, 2010.

7 **Q. HAVE YOU TESTIFIED PREVIOUSLY ON ISSUES RELATED TO INTERIM ENERGY CHARGES?**

8 A. Yes, I filed testimony in Case No. ER-2006-0315 and Case No. ER-2008-0093 regarding
9 Empire Electric District's Interim Energy Charge.

10 **Q. HAS KANSAS CITY POWER & LIGHT (KCP&L) PROPOSED AN INTERIM ENERGY CHARGE IN**
11 **THIS CASE?**

12 A. No. On page 16, of direct testimony, Company witness Tim Rush states that the Company
13 has not included a specific request for an IEC.

1 **Q. ARE PROPOSED RATES OR TERMS FOR AN INTERIM ENERGY CHARGE INCLUDED IN THE**
2 **TARIFF SHEETS CONTAINED IN KCP&L'S APPLICATION FOR A RATE INCREASE?**

3 A. No. The Application does not include tariff sheets proposing rates or terms for an IEC.
4 Likewise, the Minimum Filing Requirements do not contain a description of the potential
5 customer impact or an estimated bill impact. In fact the only reference to an interim energy
6 charge contained in the June 4, 2010, Application appears in the context of describing Tim
7 Rush as the Company witness addressing interim energy charge issues. As discussed above,
8 Mr. Rush did not propose an interim energy charge in direct testimony.

9 **Q. DID KCP&L'S CUSTOMERS RECEIVE NOTICE THAT THE COMPANY IS PROPOSING OR MIGHT**
10 **PROPOSE AN INTERIM ENERGY CHARGE IN THIS CASE?**

11 A. No. The customer notice approved by the Commission on September 28, 2010, did not
12 notify customers of an Interim Energy Charge or quantify any additional revenue that might
13 be collected from such a mechanism.

14 **Q. CAN ANY RATES OR TERMS OF AN INTERIM ENERGY CHARGE DISCUSSED OR CONSIDERED**
15 **IN THIS CASE BE RELIED UPON TO ESTABLISH AN INTERIM ENERGY CHARGE FOLLOWING**
16 **THE CONCLUSION OF THIS CASE?**

17 A. No. Any IEC must be established and implemented in the context of a rate case in which all
18 relevant factors in setting rates are considered. This is consistent with the Commission's

1 rate making authority and with the specific terms of the Stipulation and Agreement
2 approved by the Commission in KCP&L's Experimental Regulatory Plan Case No. Case
3 No. EO-2005-0329.

4 **Q. HAVE PAST IECS BEEN EFFECTIVE IN ADDRESSING FUEL AND PURCHASED POWER**
5 **RECOVERY?**

6 A. No. Based on past experience Interim Energy Charges have not proven to be reliable or
7 successful mechanisms in resolving fuel and purchased power cost recovery issues. Empire
8 has had two Interim Energy Charge riders. Empire's first IEC was approved in ER-2001-
9 299 effective Oct 26, 2001. However, in June 2002, the Commission approved an
10 immediate reduction of the Interim Energy Charge and eventually cancelled the IEC tariff in
11 Dec 1, 2002. Empires second IEC was approved as an element of the Stipulation and
12 Agreement in ER-2004-0570. Effective March 27, 2005, the IEC was to remain in effect
13 for 3 years, during which, Empire was prohibited from requesting recovery of additional
14 fuel and purchased power cost recovery. However, the Company broke its agreement by
15 requesting additional recovery. Ultimately the Commission eliminated the IEC and years of
16 litigation followed.

17 **Q. IS THERE A PRESSING NEED FOR THE COMMISSION TO CONSIDER OR IMPLEMENT AN IEC IN**
18 **THIS CASE?**

1 A. No. KCP&L did not propose an IEC in direct testimony or provide evidence showing that
2 without an IEC the Company's financial viability would be threatened or that the Company
3 would be unable to continue to provide safe and adequate service.

4 **Q. WOULD IT BE REASONABLE TO EXPECT PUBLIC COUNSEL TO ALLOCATE SCARCE**
5 **RESOURCES TO COUNTERING PROPOSALS NOT AT ISSUE IN THE CASE?**

6 A. No. The Company chose to affirmatively state in direct testimony that it was not proposing
7 an IEC. Based on the Company's representation, Public Counsel has devoted its resources
8 to other issues.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes, it does.