REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

Kansas City Power & Light

Class Cost of Service and Rate Design

CASE NO. ER-2010-0355

December 10, 2010

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of)
Kansas City Power & Light Company)
for Approval to Make Certain Changes)   **ER-2010-0355**
in its Charges for Electric Service to)
Continue the Implementation of Its)
Regulatory Plan)

AFFIDAVIT OF BARBARA A. MEISENHEIMER

STATE OF MISSOURI	)	
	)	ss
COUNTY OF COLE	)	

Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:

1.   My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.

2.   Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3.   I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

_____
Barbara A. Meisenheimer

Subscribed and sworn to me this 10th day of December 2010.

KENDELLE R. SEIDNER
My Commission Expires
February 4, 2011
Cole County
Commission #07004782

_____
Kendelle R. Seidner
Notary Public

My Commission expires February 4, 2011.

REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

KANSAS CITY POWER & LIGHT
(CLASS COST OF SERVICE AND RATE DESIGN)

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. I also filed

7 rebuttal testimony on revenue requirement on December 8, 2010.

8 **Q. IN PREPARING YOUR TESTIMONY, WHAT MATERIAL DID YOU REVIEW?**

9 A. I have reviewed the direct rate design testimony and Class Cost of Service Report filed on

10 behalf of the PSC Staff and the direct testimony filed on behalf of the Missouri Industrial

11 Energy Consumers (MIEC).

12 **Q. DO YOU AGREE WITH MIEC WITNESS MAURICE BRUBAKER'S DERIVATION OF AN AVERAGE**

13 **AND EXCESS PRODUCTION COST ALLOCATOR?**

1   A.   No. Mr. Brubaker's method of selecting non-coincident peak (NCP) demands for use in his

2   Average and Excess (A&E) production allocators is incorrect. On page 49 of the 1992

3   NARUC Electric Cost Allocation Manual (NARUC Manual) it states that the required data

4   for the A&E method "are the annual maximum and average demands for each customer

5   class and the system load factor." NCPs are used to represent the annual maximum demand

6   for each class. However, Mr. Brubaker limits his selection of NCPs used in his 4 NCP

7   A&E allocator to the summer months of June through September and limits his selection of

8   NCPs for his 2 NCP A&E allocator to the summer months of June disproportionately. His

9   NCP selection ignores actual KCP&L data demonstrating that for many rate schedules the

10   customers' annual maximum demands occur outside of the limited periods that Mr.

11   Brubaker considers. As a result, the Excess component of his A&E allocators distorts the

12   allocation of costs to customer classes; over allocating costs to customer classes that use

13   disproportionately more electricity in the months that Mr. Brubaker selected and under

14   allocating costs to customer classes that use disproportionately more electricity at other

15   times of the year. Schedule BAM RD REB-1 and Schedule BAM RD REB-2 illustrate how

16   Mr. Brubaker's proposals for selecting the NCPs from a limited number of months differ

17   from selecting NCPs whenever they occur throughout the year. The shaded boxes

18   correspond to the highest annual NCPs. It is clear from the Schedules that for a number of

19   rate schedules the NCPs occur outside Mr. Brubaker's selection months.

20

1   **Q.   DOES MR. BRUBAKER'S CHOICE OF NCPS RESULT IN A HIGHER ALLOCATION OF COSTS TO**

2   **THE RESIDENTIAL CLASS?**

3   A.   Yes.   Schedule BAM RD REB-1 and Schedule BAM RD REB-2 include calculations

4   demonstrating the difference in the A&E allocators derived from using Mr. Brubaker's

5   NCPs compared to using NCPs from throughout the year. Limiting the NCP selection

6   produces a lower allocation of costs to the Large General Service class while increasing the

7   allocation to the Residential class.   For example, based on a 4 NCP, Mr. Brubaker's

8   selection of NCPs from a limited number of months results in an allocation of 51.71% to

9   the Residential class and only 15.71% to the Large General Service class compared to a

10   51.24% allocation to the Residential class and a 17.10% allocation to the Large General

11   Service class that would be produced by selecting NCPs based on annual maximums. Based

12   on a 2 NCP, Mr. Brubaker's selection of NCPs from a limited number of months results in

13   an allocation of 54.18% to the Residential class and only 14.71% to the Large General

14   Service class compared to a 53.00% allocation to the Residential class and a 16.28%

15   allocation to the Large General Service class that would be produced by selecting NCPs

16   based on annual maximums.   These allocation differences can have significant impacts on

17   the class cost assignments due to the large amount of investment and expenses that are

18   allocated based on a production allocator. As illustrated on page 10 of the PSC Staff Rate

19   Design and Class Cost of Service Report, production capacity is the largest functionalized

20   cost category representing 40% of the cost of investment and associated expenses.   The

1   Average and Excess production method proposed by Mr. Brubaker should be rejected

2   because of its unreasonable over allocation of costs to the Residential class.

3   **Q.   DO YOU AGREE WITH MR. BRUBAKER'S CONCLUSION THAT OFF-SYSTEM SALES REVENUE**

4   **SHOULD BE ALLOCATED ON THE BASIS OF KWH?**

5   A.   No. To allocate off system sales revenue on energy alone as Mr. Brubaker suggests would

6   ignore that plant investment is a component of the cost of generating off-system sales

7   volumes.

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

9   A.   Yes, it does.

KCPL Monthly NCP Workpaper Modified By OPC To Illustrate Excess Demand Calculations

KCPL
MO Demand Allocators
Derivation of NCP Allocators

Estimated NCP Demands

Line		January (1)	February (2)	March (3)	April (4)	May (5)	June (6)	July (7)	August (8)	September (9)	October (10)	November (11)	December (12)	Annual Sum 4 NCP	Average 4 NCP	Average Demand	Excess Demand	Share of Excess	MIEC June-Sept. Sum 4 NCP	Average 4 NCP	Average Demand	Excess Demand	Share of Excess
1	LGSP	25,288	23,855	22,867	25,093	26,212	32,898	34,840	33,262	35,044	34,634	28,653	30,678	137,780					136,044				
2	LGSPA	40,582	37,233	30,843	29,506	31,951	35,067	36,605	36,946	32,560	28,898	37,078	39,563	150,820					141,179				
3	LGSPH	0	0	0	0	0	0	0	0	0	0	0	0	0					0				
4	LGSS	161,200	156,638	149,475	156,112	178,520	196,432	205,664	205,370	196,022	173,320	155,197	173,887	803,488					803,488				
5	LGSSA	164,932	160,326	132,068	117,087	125,457	141,907	148,003	145,989	126,892	109,056	115,144	147,554	620,816					562,791				
6	LGSSH	21,858	19,319	15,725	10,738	11,865	10,603	11,658	11,653	11,709	10,135	10,489	15,805	72,708					45,622				
7	TOTAL	413,859	397,372	350,979	338,535	374,004	416,907	436,770	433,220	402,227	356,043	346,562	407,487	1,785,612	446,403	277295	169,108	17.10%	1,689,124	422,281	277295	144,986	15.71%
8																							
9	LPGSP	131,079	131,602	140,191	143,667	150,214	150,904	159,439	156,031	139,281	122,952	125,275	131,953	616,587					605,655				
10	LPGSPO	50,903	55,956	46,831	57,593	61,905	57,693	71,025	73,466	60,439	57,803	47,013	42,820	266,835					262,623				
11	LPGSS	58,398	60,762	59,485	64,629	72,038	74,644	79,172	76,767	72,893	64,854	64,158	60,542	303,477					303,477				
12	LPGSPO	0	0	0	0	0	0	0	0	0	0	0	0	0					0				
13	LPGSSS	62,619	50,966	64,284	57,551	62,124	71,051	69,294	67,419	64,042	60,344	64,252	54,151	272,048					271,807				
14	LPGSTR	10,558	11,140	12,358	12,403	13,021	15,057	14,392	15,391	13,397	13,076	13,700	12,268	58,540					58,237				
15	LPSSSO	0	0	0	0	0	0	0	0	0	0	0	0										
16	TOTAL	313,556	310,427	323,150	335,842	359,302	369,349	393,322	389,075	350,053	319,030	314,397	301,735	1,517,487	379,372	262313	117,059	11.84%	1,501,798	375,450	262313	113,137	12.26%
17																							
18	MGSP	1,836	1,725	1,527	1,979	1,957	2,184	2,358	2,287	2,185	2,002	1,818	2,054	9,014					9,014				
19	MGSPA	185	193	147	177	203	227	283	239	190	146	100	133	951					939				
20	MGSPH	0	0	0	0	0	0	0	0	0	0	0	0										
21	MGSS	143,316	142,757	136,703	156,398	178,412	214,357	242,541	226,236	202,358	177,297	150,143	146,776	885,492					885,492				
22	MGSSA	30,131	28,954	23,913	25,265	25,080	28,126	30,504	28,445	26,310	24,278	22,495	25,772	118,033					113,385				
23	MGSSH	9,380	9,004	6,841	4,648	4,274	4,512	5,962	5,497	5,393	4,392	5,313	7,120	32,343					21,363				
24	TOTAL	184,847	182,632	169,131	188,468	209,926	249,405	281,649	262,703	236,435	208,114	179,868	181,855	1,045,833	261,458	134069	127,389	12.88%	1,030,192	257,548	134069	123,479	13.38%
25																							
26	SGSP	143	142	100	98	124	227	197	153	122	89	83	99	721					700				
27	SGSPA	0	0	0	0	0	0	0	0	0	0	0	0										
28	SGSPH	0	0	0	0	0	0	0	0	0	0	0	0										
29	SGSPU	0	0	0	0	0	0	0	0	0	0	0	0										
30	SGSS	78,187	76,730	58,543	59,819	81,628	102,096	100,609	97,803	86,041	66,260	63,122	69,864	386,548					386,548				
31	SGSSA	6,392	5,566	4,268	3,442	4,337	4,839	4,543	4,250	3,786	2,967	3,445	4,475	21,339					17,417				
32	SGSSH	3,736	3,471	2,305	1,445	1,422	1,386	1,554	1,503	1,271	996	1,413	2,265	11,776					5,713				
33	SGSSU	1,411	1,482	1,245	1,320	1,911	2,121	1,685	1,732	1,641	1,408	1,428	1,305	7,449					7,179				
34	TOTAL	89,868	87,392	66,460	66,125	89,423	110,669	108,588	105,441	92,861	71,721	69,491	78,008	427,833	106,958	51036	55,922	5.66%	417,558	104,389	51036	53,353	5.78%
35																							
36	RESA	391,871	370,857	309,003	312,989	418,950	625,080	717,127	721,753	465,985	296,956	368,708	426,210	2,529,945					2,529,945				
37	RESB	133,644	124,134	99,909	92,716	98,491	132,965	143,953	143,704	97,855	72,358	95,048	136,823	558,123					518,476				
38	RESC	57,778	54,064	43,981	31,437	31,238	36,307	34,140	36,883	24,729	19,052	39,615	54,599	210,422					132,059				
41	RTOD	127	120	92	93	135	177	233	249	152	89	109	138	810					810				
42	TOTAL	583,421	549,174	452,985	437,235	548,814	794,528	895,453	902,589	588,721	388,454	503,481	617,770	3,299,301	824,825	318167	506,658	51.24%	3,181,291	795,323	318167	477,156	51.71%
43																							
44	Off Peak Ltg																						
45	Other	23,507	22,508	22,448	21,662	21,289	20,690	20,877	21,432	21,841	22,623	23,359	23,691	93,065					84,840				
41	TOTAL NON-BF	23,507	22,508	22,448	21,662	21,289	20,690	20,877	21,432	21,841	22,623	23,359	23,691	93,065	23,266	10539	12,727	1.29%	84,840	21,210	10539	10,671	1.16%
																	988,864					922,782	

NCP Demand Workpaper Modified By OPC To Illustrate Excess Demand Calculations

KCPL
MO Demand Allocators
Derivation of NCP Allocators

Estimated NCP Demands

Line		January	February	March	April	May	June	July	August	September	October	November	December	Annual Sum 2 NCP	Average 2 NCP	Average Demand	Excess Demand	Share of Excess	MIEC July & August Sum 2 NCP	Average 2 NCP	Average Demand	Excess Demand	Share of Excess
1	LGSP	25,288	23,855	22,867	25,093	26,212	32,898	34,840	33,262	35,044	34,634	28,653	30,678	69,884					68,102				
2	LGSPA	40,582	37,233	30,843	29,506	31,951	35,067	36,605	36,946	32,560	28,898	37,078	39,563	76,796					73,551				
3	LGSPH	0	0	0	0	0	0	0	0	0	0	0	0										
4	LGSS	161,200	156,638	149,475	156,112	178,520	196,432	205,664	205,370	196,022	173,320	155,197	173,887	411,034					411,034				
5	LGSSA	164,932	160,326	132,068	117,087	125,457	141,907	148,003	145,989	126,892	109,056	115,144	147,554	325,258					293,992				
6	LGSSH	21,858	19,319	15,725	10,738	11,865	10,603	11,658	11,653	11,709	10,135	10,489	15,805	41,177					23,311				
7	TOTAL	413,859	397,372	350,979	338,535	374,004	416,907	436,770	433,220	402,227	356,043	346,562	407,487	924,149	462,075	277295	184,780	**16.28%**	869,990	434,995	277295	157,700	**14.71%**
8																							
9	LPGSP	131,079	131,602	140,191	143,667	150,214	150,904	159,439	156,031	139,281	122,952	125,275	131,953	315,470					315,470				
10	LPGSPO	50,903	55,956	46,831	57,593	61,905	57,693	71,025	73,466	60,439	57,803	47,013	42,820	144,491					144,491				
11	LPGSS	58,398	60,762	59,485	64,629	72,038	74,644	79,172	76,767	72,893	64,854	64,158	60,542	155,940					155,940				
12	LPGSPO	0	0	0	0	0	0	0	0	0	0	0	0										
13	LPGSSS	62,619	50,966	64,284	57,551	62,124	71,051	69,294	67,419	64,042	60,344	64,252	54,151	140,345					136,713				
14	LPGSTR	10,558	11,140	12,358	12,403	13,021	15,057	14,392	15,391	13,397	13,076	13,700	12,268	30,449					29,783				
15	LPSSSO	0	0	0	0	0	0	0	0	0	0	0	0										
16	TOTAL	313,556	310,427	323,150	335,842	359,302	369,349	393,322	389,075	350,053	319,030	314,397	301,735	786,694	393,347	262313	131,034	**11.55%**	782,396	391,198	262313	128,885	**12.02%**
17																							
18	MGSP	1,836	1,725	1,527	1,979	1,957	2,184	2,358	2,287	2,185	2,002	1,818	2,054	4,645					4,645				
19	MGSPA	185	193	147	177	203	227	283	239	190	146	100	133	522					522				
20	MGSPH	0	0	0	0	0	0	0	0	0	0	0	0										
21	MGSS	143,316	142,757	136,703	156,398	178,412	214,357	242,541	226,236	202,358	177,297	150,143	146,776	468,777					468,777				
22	MGSSA	30,131	28,954	23,913	25,265	25,080	28,126	30,504	28,445	26,310	24,278	22,495	25,772	60,635					58,949				
23	MGSSH	9,380	9,004	6,841	4,648	4,274	4,512	5,962	5,497	5,393	4,392	5,313	7,120	18,383					11,459				
24	TOTAL	184,847	182,632	169,131	188,468	209,926	249,405	281,649	262,703	236,435	208,114	179,868	181,855	552,962	276,481	134069	142,412	**12.55%**	544,352	272,176	134069	138,107	**12.88%**
25																							
26	SGSP	143	142	100	98	124	227	197	153	122	89	83	99	425					350				
27	SGSPA	0	0	0	0	0	0	0	0	0	0	0	0										
28	SGSPH	0	0	0	0	0	0	0	0	0	0	0	0										
29	SGSPU	0	0	0	0	0	0	0	0	0	0	0	0										
30	SGSS	78,187	76,730	58,543	59,819	81,628	102,096	100,609	97,803	86,041	66,260	63,122	69,864	202,705					198,412				
31	SGSSA	6,392	5,566	4,268	3,442	4,337	4,839	4,543	4,250	3,786	2,967	3,445	4,475	11,958					8,793				
32	SGSSH	3,736	3,471	2,305	1,445	1,422	1,386	1,554	1,503	1,271	996	1,413	2,265	7,207					3,057				
33	SGSSU	1,411	1,482	1,245	1,320	1,911	2,121	1,685	1,732	1,641	1,408	1,428	1,305	4,032					3,417				
34	TOTAL	89,868	87,392	66,460	66,125	89,423	110,669	108,588	105,441	92,861	71,721	69,491	78,008	226,326	113,163	51036	62,127	**5.47%**	214,028	107,014	51036	55,978	**5.22%**
35																							
36	RESA	391,871	370,857	309,003	312,989	418,950	625,080	717,127	721,753	465,985	296,956	368,708	426,210	1,438,880					1,438,880				
37	RESB	133,644	124,134	99,909	92,716	98,491	132,965	143,953	143,704	97,855	72,358	95,048	136,823	287,656					287,656				
38	RESC	57,778	54,064	43,981	31,437	31,238	36,307	34,140	36,883	24,729	19,052	39,615	54,599	112,377					71,023				
41	RTOD	127	120	92	93	135	177	233	249	152	89	109	138	481					481				
42	TOTAL	583,421	549,174	452,985	437,235	548,814	794,528	895,453	902,589	588,721	388,454	503,481	617,770	1,839,395	919,698	318167	601,531	**53.00%**	1,798,042	899,021	318167	580,854	**54.18%**
43																							
44	Off Peak Ltg																						
45	Other	23,507	22,508	22,448	21,662	21,289	20,690	20,877	21,432	21,841	22,623	23,359	23,691	47,198					42,309				
41	TOTAL NON-BF	23,507	22,508	22,448	21,662	21,289	20,690	20,877	21,432	21,841	22,623	23,359	23,691	47,198	23,599	10539	13,060	**1.15%**	42,309	21,155	10539	10,616	**0.99%**
																	1,134,943					1,072,139	