

Exhibit No.:
Issue: Class Cost of Service
Witness: Lois J. Liechti
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2006-0314
Date Testimony Prepared: September 15th, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2006-0314

FILED³

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REBUTTAL TESTIMONY

Missouri Public
Service Commission

OF

LOIS J. LIECHTI

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
September 2006**

KCP&L Exhibit No. 39
Case No(s) ER-2006-0314
Date 10-16-06 Rptr 45

REBUTTAL TESTIMONY

OF

LOIS J. LIECHTI

Case No. ER-2006-0314

1 Q: Please state your name and business address.

2 A: My name is Lois J. Liechti. My business address is 1201 Walnut, Kansas City,
3 Missouri 64106-2124.

4 Q: By whom and in what capacity are you employed?

5 A: I am employed by Kansas City Power & Light Company ("KCPL" or "Company") as
6 Manager, Regulatory Affairs.

7 Q: Are you the same Lois J. Liechti who pre-filed direct testimony in this case?

8 A: Yes, I am.

9 Q: What is the purpose of your testimony?

10 A: To provide rebuttal comments to the direct testimony filed by other parties to this case
11 concerning the class cost of service ("CCOS") study.

12 Q: What is the purpose of the CCOS study?

13 A: The purpose of the CCOS study is to determine the contribution that each customer
14 class makes toward the Company's overall rate of return. The CCOS analysis strives
15 to attribute costs in relationship to the cost-causing factors of demand, energy and
16 customers.

17 Q: Have you reviewed the testimony filed by other parties concerning the CCOS
18 **study?**

1 A: Yes

2 Q: Please describe that testimony.

3 A: Five parties submitted testimony concerning the CCOS study (Missouri Staff, OPC,
4 DOE, FORD/Praxair/MIEC, and WalMart). All parties, save DOE, conducted their
5 own studies based on Company data but allocated between customer classes using
6 methods they believe to be appropriate for assigning costs to the respective classes and
7 applying the study to rate design.

8 Q: How did the results of the Staff study compare to the Company study?

9 A: Table 1 compares the two studies on the basis of percentage change required to
10 levelize rate of return between the classes.

Table 1			Revised	Ford/	Avg
&			Traditional	Praxair/	
Customer Class	Company	MO Staff	OPC	MIEC	
WalMart					
Residential	7.45%	7.82%	5.07%	22.94%	
20.72%					
Small GS	-2.99%	-4.03%	-15.06%	-3.53%	-
0.65%					
Medium GS	-9.04%	-9.59%	-12.83%	-9.83%	-
10.66%					
Large GS	-4.60%	-2.76%	-1.95%	-12.65%	-
12.41%					
Large Power	-2.29%	-2.97%	7.34%	-17.13%	-
14.78%					
Off-Peak Lighting	0.0%	n/a	40.82%	n/a	n/a
Other Lighting	10.30%	n/a	1.49%	-20.98%	-
9.31%					
Special Contract	n/a	n/a	40.82%	n/a	n/a

1 **Q: Are the differences between the studies to be expected?**

2 A: Yes. While the studies used the same base data, the choice of allocators will alter the
3 results. The result of any CCOS study is a function of the allocation methodology
4 chosen. While the study work is precise, the results should be viewed as an indication
5 of the relative contributions of each class.

6 **Q: While the adjustments vary considerably, is there some commonality in the**
7 **results?**

8 A: Yes, in every instance the results indicate the Residential customer class is under
9 recovering its costs, while the other classes (except lighting in some instances and
10 Large Power in the OPC study) are being over recovered.

11 **Q: Are the studies consistent with the studies performed by the Company?**

12 A: Yes.

13 **Q: After reviewing the other parties' studies, do you still believe the results of**
14 **KCPL's CCOS study provides reasonable results?**

15 A: Yes, I do.

16 **Q: What is the Company's response to the recommendations made by the Staff,**
17 **OPC, Ford/Praxair/MIEC, and Wal-Mart regarding various increases to**
18 **KCPL's customer classes?**

19 A: Company witness Timothy M. Rush addresses these recommendations in his rebuttal
20 testimony.

21 **Q: Did any parties to this case file testimony regarding rate design, but did not**
22 **conduct CCOS studies?**

1 A: Yes, Trigen and the Department of Energy filed rate design testimony with no
2 supporting CCOS study.

3 Q: **In your opinion, is it appropriate to suggest specific rate designs without first**
4 **examining the various classes in a CCOS study?**

5 A: No, the underpinning of any material rate design recommendation would be a CCOS
6 study.

7 Q: **And why is that?**

8 A: A CCOS study yields important information beyond each classes' individual
9 contribution to return. It also provides an indication of costs attributable to customer,
10 energy and demand components. These are the cornerstones of rate design.

11 Q: **Did the testimony presented by Trigen regarding rate design issues rely on the**
12 **CCOS study prepared by any party in this case?**

13 A: No, it did not.

14 Q: **Did the testimony presented by the Department of Energy rely on the CCOS**
15 **study prepared by any party in this case?**

16 A: Yes, it used the results of KCPL's CCOS study as the basis of its recommendation
17 regarding rate design.

18 Q: **Are there any other issues you would like to address in regard to the testimony**
19 **presented by these parties?**

20 A: Yes, I'd like to address the comments made by Mr. Brubaker in regard KCPL's
21 treatment of losses in its study.

22 Q: **What is Mr. Brubaker's issue regarding losses?**

1 A: Mr. Brubaker testimony, on Page 3, lines 20 and 21 states, "KCPL's study has several
2 other deficiencies including a failure to account for losses from the customers' meter
3 to the generation and transmission system,..."

4 Q: **Is this statement correct?**

5 A: No, it is not. KCPL's study assigned losses from the customers' meter to the
6 generation and transmission system to the various classes of customers.

7 Q: **Does that conclude your testimony?**

8 A: Yes, it does.

In the Matter of the Application of Kansas City)
Power & Light Company to Modify Its Tariffs to) Case No. ER-2006-0314
Begin the Implementation of Its Regulatory Plan)


STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Lois J. Liechti. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager, Regulatory Affairs.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Lois J. Liechti
Lois J. Liechti

ay of September 2006.



Notary Public

My commission expires: May 23, 2010

