Company Name: KCPL MO
Case Description: 2010 KCPL Rate Case
Case: ER-2010-0355

On pages 3313 and 3314, Mr. Schnitzer accepted that $83.796 million was the 40th percentile of the probability distribution he filed in his Direct Testimony, subject to check:

Page 3313:

8	Q. Mr. Schnitzer, referring to the testimony
9	the study that you filed already in this case, would you
10	agree that the 40th percentile is 83.796 million?
11	A. If you'll hold on just a minute, please,
12	while I -- and I'm sorry. What was your number again?
13	Q. 83.796.
14	A. That looks like it would be approximately
15	right. I'm not sure I can determine precisely with what I
16	have in front of me, but that looks to be certainly in the
17	ballpark.

Page 3314:

11	MR. ZOBRIST: If -- Mr. Schnitzer, if you
12	can accept that subject to later verification, the Company
13	does not have an objection.
14	THE WITNESS: I'm happy to do that.
15	I accept your number, subject to check.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The 40th percentile is $83.455 million, based on the continuous probability distribution. Mr. Schnitzer was asked, subject to check, to accept $83.796 million as the 40th percentile. The difference between the two figures is $0.341 million.

KCPL Exhibit No KCPL 121
Date 3/4/11 Reporter fms
File No ER-2010-0355

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On page 3316, Mr. Schnitzer agreed, subject to check, that the grouping of outcomes bounded by $85.27 million was the most likely outcome. Mr. Schnitzer also agreed that that grouping represented the peak of his 'Bell Curve':

Q. Okay. Would you agree that the outcomes bound at the 85.27 million figure is the single largest -- or single most likely outcome of your results?
A. Subject to check, that's -- yes. I understand what you're asking. Subject to check, I would agree with that.
Q. Okay. And that represents the peak of your Bell Curve; is that correct?
A. That is correct, sir.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The interval of outcomes bounded by $85.27 million (upper bound) and $68.22 million (lower bound) represents both the 'single most likely outcome' and the peak of the 'Bell Curve', as calculated from the continuous probability distribution.

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On page 3319, Mr. Schnitzer agreed, subject to check, that $30 million equated to the 43.3 percentile of his probabilistic distribution of off-system margin as filed in his Rebuttal Testimony in case ER-2009-0089:

> Q. Do you have -- hypothetically, if rates were set at $30 million in -- off-system sales margins were set at $30 million in the last case, would you agree that this equates to the 43.3 percentile?
>
> A. Subject to check. And it's certainly the case that it would have been above the 25th percentile.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-6, MMS-8, and MMS-10 (see Workpaper (MMS 6, 8, 10) - Summary of Results (Rebuttal Update).xls, tab 'Rebuttal GLD' from case ER-2009-0089).

$30 million equates to the 44.5 percentile, based on the continuous probability distribution.

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On pages 3319 and 3320, Mr. Schnitzer agreed, subject to check, that the same percentile that corresponded to $30 million on his distribution of off-system margin as filed in his Rebuttal Testimony in caseER-2009-0089 equated to $89.6 million on the distribution as filed in his Direct Testimony in case ER-2010-0355:

Q. Okay. Would you also accept, subject to check, that if we took that same 43.3 percentile, that level of a risk, and applied it to the work papers that you filed in this case, that the off-system sales margins you would get would be 89.6 million?

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A. Again, talking about the original filing in this case, not the -- not the True-up that was being referenced earlier?
Q. Correct.
A. Yeah. Subject to check, I would agree with that.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The margin amount on Mr. Schnitzer's probabilistic distribution as filed in his Direct Testimony that corresponds to the same percentile as $30 million on the distribution filed with his Rebuttal Testimony in the prior Rate Case (ER-2009-0089) is $91.115 million.

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On page 3320, Mr. Schnitzer agreed, subject to check, that the 40th percentile of his probabilistic distribution, as filed in his Direct Testimony, was $83.8 million:

7	Q. Okay. And would you agree -- I believe you
8	said earlier that the 43rd -- or the 40th percentile of the
9	model that you have filed in this case is 83.8 million; is
10	that correct?
11	A. Yes. Subject to check, that's correct.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The 40th percentile is $83.455 million, based on the continuous probability distribution. Mr. Schnitzer was asked, subject to check, to accept $83.796 million as the 40th percentile. The difference between the two figures is $0.341 million.

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On page 3320, Mr. Schnitzer agreed, subject to check, that the difference between the 40th percentile of his probabilistic distribution of off-system margin, as filed in his Direct Testimony, and the level of margin that corresponded to "the same percentile from the last case" was $5.8 million:

15	Q. Would you agree that by setting rates at the
16	40th percentile, 83.8 million, we are setting rates $5.8
17	less risky than if we set them at the same percentile from
18	the last case?
19	A. With all the subject to checks that underlie
20	that, that would be what the math would indicate.

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The difference in the level of margin at the two percentile is $7.661 million. This is the difference between the 44.5th percentile of the distribution, $91.115 million, and the 40th percentile of the distribution, $83.455 million.

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On page 3327, Mr. Schnitzer agreed, subject to check, that the 40th percentile of his probabilistic distribution, as filed in his Direct Testimony, was $83.8 million:

> Q. The 40th percentile is approximately 83.796 million. Did I get that -- or is that from the -- your True-up? I'm not --
>
> A. No. No. You're -- you have that correct, sir. 83.796, subject to check, is the number.
>
> Q. Okay. And then let me ask you this: I mean, what -- what would the -- what would be the 33rd percentile?

NorthBridge estimates percentile outcomes of off-system contribution margin based on a continuous probability distribution derived from the 1,000 scenarios as shown in the workpaper supporting exhibits MMS-2 and MMS-3 (see HC--Workpaper (MMS-2, MMS-3) - Summary of Results.xls, 'Calcs' tab).

The 40th percentile is $83.455 million, based on the continuous probability distribution. Mr. Schnitzer was asked, subject to check, to accept $83.796 million as the 40th percentile. The difference between the two figures is $0.341 million.