

Exhibit No.:
Issue: Customer Annualization of Unit Sales
and Large Power Service Rate
Switchers
Witness: Albert R. Bass, Jr.
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0285

REBUTTAL TESTIMONY

OF

ALBERT R. BASS, JR.

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
December 2016**

KCP&L Exhibit No. 101
Date 2-28-17 Reporter KE
File No. ER-2016-0285

REBUTTAL TESTIMONY

OF

ALBERT R. BASS, JR.

Case No. ER-2016-0285

1 **Q: Please state your name and business address.**

2 A: My name is Albert R. Bass, Jr. My business address is 1200 Main, Kansas City,
3 Missouri 64105.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as
6 Manager of Market Assessment.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L.

9 **Q: Are you the same Albert R. Bass, Jr. who filed Direct Testimony in this proceeding?**

10 A: Yes, I am.

11 **Q. What is the purpose of your rebuttal testimony?**

12 A: The purpose of my Rebuttal Testimony is to respond to certain conclusions sponsored by
13 Missouri Public Service Commission (“Commission” or “MPSC”) Staff’s Revenue
14 Requirement Cost of Service Report (“Report”) concerning 1) Witness Michael L.
15 Stahlman calculation of KCP&L’s Customer growth, 2) Witness Michelle A. Bocklage
16 Large Power Service (“LPS”) Rate Switchers and 3) Witness Michelle A. Bocklage LPS
17 billing adjustments.

1 **I. CUSTOMER GROWTH**

2 **Q: What issue do you have with the Staff's adjustment for customer growth?**

3 A: The adjustment made by Staff is documented in witness Michael L. Stahlman work
4 papers "ER-2016-0285 Customer Growth-Direct.xlsx". There are major differences
5 between Company and Staff in the adjustments made for customer growth for the June
6 2016 update. In this case, staff is using Customer Charge Count data during the test year
7 (January to December 2015) and using Customer Bill Count data for the update period
8 (January 2016 to June 2016).

9 **Q: Do you agree with the Staff's method of adjusting for customer growth?**

10 A: No.

11 **Q: What do you disagree with in Staff's customer growth adjustment?**

12 A: In this particular case, Staff's use of one set of data for the test year filing and another set
13 of data for the update period results in over-stating customer growth. Staff's results imply
14 that the number of KCP&L customers is growing at 3.9% through June 2016. This is not
15 accurate. Table 1 below shows the number of Company customers growing at 1.7%
16 through June 2016 well below Staff's customer growth calculation through June 2016. As
17 of November 2016 Company has experienced year-over-year customer growth of 1.4%.

18

Table 1		
Customer Growth Comparison		
Customer Class	Staff	KCP&L
Residential	5.4%	1.8%
Small General Service	-8.0%	1.0%
Medium General Service	1.6%	0.7%
Large General Service	-3.5%	-3.9%
Total	3.9%	1.7%

1 Staff's over-statement of customer growth is a result of using one set of customer
2 numbers (customer charge count¹) in Staff's test year customer growth calculation and
3 using another set of customer numbers (customer bill count²) to calculate customer
4 growth through June 2016. These two sets of customer counts differ on average by 2.6%.
5 Staff started with customer charge count in the test year filing calculation, but used
6 customer bill count, which is on average 2.6% higher, to adjust for growth through the
7 June 2016 update period. Staff's adjustment is not accurate because the customer bill
8 count data does not match the customer charge count data. Thus, the customer growth
9 reflected in Staff's adjustment does not represent actual growth in the number of KCP&L
10 customers but merely reflects differences inherent in two different sets of data.

11 **Q: Is Staff aware of the problems with its customer growth adjustment?**

12 A: Yes.

13 **Q: Is Staff going to address these problems?**

14 A: The Company spoke to Staff on December 19, 2016 regarding its concern. Staff has
15 agreed to work with Company to resolve the issue in the true-up filing. Staff indicated
16 that it intends to modify its direct filing customer growth calculation after examining
17 additional customer data.

18 II. LARGE POWER SERVICE RATE SWITCHERS

19 **Q: What are KCP&L concerns regarding LPS rate switchers?**

20 A: Seven LPS customers switched rates in 2016 moving from LPS to either Large General
21 Service ("LGS") or Medium General Service ("MGS"). This occurred after the

¹ Customer Charge Count is the number of customer charges that when multiplied time the customer charge pricing, produces the actual revenue provided for the rate case test year.

² Bill Count is the number of bills a customer receives each month of the designated test year.

1 Company's direct filing and before the June 2016 update. The kWh sales and associated
2 revenue should be attributed to the current class for each customer.

3 **Q: Has staff made this adjustment for additional LPS rate switchers?**

4 A: No. The seven large power service customers that switched rates between December
5 2015 and June 2016 are not reflected in Staff's update.

6 **Q: Is Staff aware of this difference?**

7 A: Yes. Staff agreed to adjust the true-up filing to account for the seven additional large
8 power customers switching rates during the update period.

9 III. LARGE POWER SERVICE BILLING ADJUSTMENTS

10 **Q: What are KCP&L's concerns regarding billing adjustments?**

11 A: The billing adjustments made by Staff in work paper "LPS Adjustment_11-02-16.xlsx"
12 reflect billing kWh and revenue provided in DR 0113. After the June 2016 update filing,
13 KCP&L corrected an error in the information provided in DR 0113.

14 **Q: Is staff using the corrected DR 0113 billing information in their work papers?**

15 A: No. Staff used the original information provided in DR 0113.

16 **Q: Is Staff aware of this correction?**

17 A: Yes. Staff agreed to update their work papers in the true-up filing to use the corrected
18 billing information from DR 0113.

19 **Q: What is your conclusion on these issues?**

20 A: I recommend that the Commission accept the Company's customer growth adjustment,
21 and accept the Company's LPS class rate switcher adjustments to kWh sales and revenue
22 which uses the corrected information provided in DR 0113.

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

2 A: Yes, it does.

