

Exhibit No.:  
Issue: Revenue Requirement  
Witness: Maurice Brubaker  
Type of Exhibit: Direct Testimony  
Sponsoring Parties: Missouri Industrial Energy Consumers  
and Midwest Energy Consumers' Group  
Case No.: ER-2014-0370  
Date Testimony Prepared: April 2, 2015

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

\_\_\_\_\_)  
**In the Matter of Kansas City** )  
**Power & Light Company's Request** )  
**for Authority to Implement A General** )  
**Rate Increase for Electric Service** )  
\_\_\_\_\_)

**Case No. ER-2014-0370**

Direct Testimony and Schedules of

**Maurice Brubaker**

On behalf of

**Missouri Industrial Energy Consumers  
and  
Midwest Energy Consumers' Group**

April 2, 2015



Project 9979

**BEFORE THE PUBLIC SERVICE COMMISSION  
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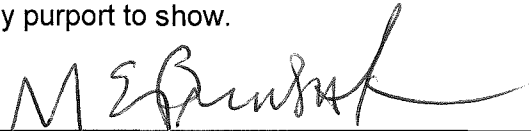
Case No. ER-2014-0370

STATE OF MISSOURI     )  
                                  )  
COUNTY OF ST. LOUIS    )     SS

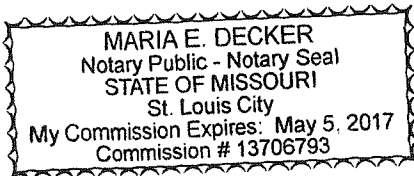
**Affidavit of Maurice Brubaker**

Maurice Brubaker, being first duly sworn, on his oath states:

1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers and Midwest Energy Consumers' Group in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes are my direct testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2014-0370.
3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

  
\_\_\_\_\_  
Maurice Brubaker

Subscribed and sworn to before me this 1<sup>st</sup> day of April, 2015.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

	)	
In the Matter of Kansas City	)	
Power & Light Company's Request	)	Case No. ER-2014-0370
for Authority to Implement A General	)	
Rate Increase for Electric Service	)	
	)	

**Direct Testimony of Maurice Brubaker**

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

2    A    Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,  
3        Chesterfield, MO 63017.

4    **Q    WHAT IS YOUR OCCUPATION?**

5    A    I am a consultant in the field of public utility regulation and President of Brubaker &  
6        Associates, Inc., energy, economic and regulatory consultants.

7    **Q    PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8    A    This information is included in Appendix A to this testimony.

9    **Q    ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10   A    This testimony is presented on behalf of the Missouri Industrial Energy Consumers  
11       ("MIEC") and Midwest Energy Consumers' Group ("MECG"). Member companies  
12       purchase large amounts of electricity from Kansas City Power & Light Company  
13       ("KCPL" or "Company) and will be impacted by the decision in this case.

**Maurice Brubaker  
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1 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A My testimony will address KCPL's proposed method for allocating fixed  
3 production-related costs among regulatory jurisdictions (Missouri retail, Kansas retail  
4 and FERC wholesale).

5 **Q HAVE YOU REVIEWED THE DIRECT TESTIMONY OF KCPL WITNESS RONALD**  
6 **KLOTE ON THIS SUBJECT?**

7 A Yes. Mr. Klotte addresses this issue on pages 6 and 7 of his direct testimony.

8 **Q WHAT METHOD DOES KCPL PROPOSE IN THIS CASE FOR THE ALLOCATION**  
9 **OF FIXED PRODUCTION-RELATED COSTS AMONG REGULATORY**  
10 **JURISDICTIONS?**

11 A In this case, KCPL proposes to use the 12 monthly coincident peak ("12 CP")  
12 demand allocation methodology.

13 **Q IS THIS CONSISTENT WITH HOW THE MISSOURI PUBLIC SERVICE**  
14 **COMMISSION HAS ALLOCATED COSTS AMONG REGULATORY**  
15 **JURISDICTIONS IN RECENT CASES?**

16 A No. This Commission typically has used the four coincident peak ("4 CP") method for  
17 allocating these costs between regulatory jurisdictions.

18 **Q DOES MR. KLOTE PROVIDE ANY JUSTIFICATION FOR USING A 12 CP**  
19 **ALLOCATION FACTOR IN THIS CASE?**

20 A No, he does not.

1 **Q IS THE 12 CP METHOD APPROPRIATE FOR ALLOCATING FIXED**  
2 **PRODUCTION-RELATED COSTS AMONG JURISDICTIONS?**

3 A No. The 12 CP method fails to recognize the predominant summer peaking nature of  
4 the KCPL system.

5 **Q HAVE YOU PREPARED ANY ANALYSIS OF KCPL'S MONTHLY SYSTEM**  
6 **PEAKS?**

7 A Yes. This information is presented graphically on Schedule MEB-RR-1, and  
8 numerically on Schedule MEB-RR-2.

9 **Q PLEASE DESCRIBE THIS INFORMATION.**

10 A Focusing on the presentation on Schedule MEB-RR-1, the graphs show the relative  
11 magnitude of each monthly system peak as compared to the annual system peak.  
12 For each of the years 2012, 2013 and 2014, the predominance of summer peak loads  
13 is evident. The annual peak demand typically occurs in July or August. Demands in  
14 June are typically 90% or higher as compared to the annual system peak, and  
15 demands in September exceeded 90% of the annual peak in both 2013 and 2014,  
16 and approached almost 90% of the annual peak in 2012.

17 **Q WHAT IS THE IMPORTANCE OF PEAK DEMANDS ON A UTILITY SYSTEM?**

18 A The magnitude of peak demands on a utility system is the primary driving force for the  
19 addition of new capacity. A utility must have in place a sufficient capacity to serve  
20 peak demands, otherwise it will not be able to provide reliable service.

21 A utility that sized its system to meet the average of the 12 monthly coincident  
22 peaks would fail to supply its customers' requirements in many months of the year.

1 Taking 2014 as an example, the average of KCPL's monthly peaks was 2,715 MW.  
2 This is 80% of the annual peak of 3,412 MW. Five of the months have demands in  
3 excess of 80% of the annual peak. These are the months of January, June, July,  
4 August and September. A system sized to meet the average of the 12 monthly  
5 coincident peaks would fail to provide capacity adequate to serve customers in nearly  
6 half of the months of the year.

7 **Q WHAT IS YOUR RECOMMENDATION?**

8 A My recommendation is that KCPL's proposal to use a 12 CP method for the allocation  
9 of fixed production-related costs be rejected, and instead the 4 CP method continue  
10 to be utilized.

11 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A Yes, it does.

## Qualifications of Maurice Brubaker

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

2    A     Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,  
3        Chesterfield, MO 63017.

4    **Q     PLEASE STATE YOUR OCCUPATION.**

5    A     I am a consultant in the field of public utility regulation and President of the firm of  
6        Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7    **Q     PLEASE    SUMMARIZE    YOUR    EDUCATIONAL    BACKGROUND    AND**  
8        **EXPERIENCE.**

9    A     I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in  
10        Electrical Engineering. Subsequent to graduation I was employed by the Utilities  
11        Section of the Engineering and Technology Division of Esso Research and  
12        Engineering Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of  
13        New Jersey.

14            In the Fall of 1965, I enrolled in the Graduate School of Business at  
15        Washington University in St. Louis, Missouri. I was graduated in June of 1967 with  
16        the Degree of Master of Business Administration. My major field was finance.

17            From March of 1966 until March of 1970, I was employed by Emerson Electric  
18        Company in St. Louis. During this time I pursued the Degree of Master of Science in  
19        Engineering at Washington University, which I received in June, 1970.

20            In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,  
21        Missouri. Since that time I have been engaged in the preparation of numerous  
22        studies relating to electric, gas, and water utilities. These studies have included

**Maurice Brubaker**  
**Appendix A**  
**Page 1**

1 analyses of the cost to serve various types of customers, the design of rates for utility  
2 services, cost forecasts, cogeneration rates and determinations of rate base and  
3 operating income. I have also addressed utility resource planning principles and  
4 plans, reviewed capacity additions to determine whether or not they were used and  
5 useful, addressed demand-side management issues independently and as part of  
6 least cost planning, and have reviewed utility determinations of the need for capacity  
7 additions and/or purchased power to determine the consistency of such plans with  
8 least cost planning principles. I have also testified about the prudence of the actions  
9 undertaken by utilities to meet the needs of their customers in the wholesale power  
10 markets and have recommended disallowances of costs where such actions were  
11 deemed imprudent.

12 I have testified before the Federal Energy Regulatory Commission ("FERC"),  
13 various courts and legislatures, and the state regulatory commissions of Alabama,  
14 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,  
15 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri,  
16 Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania,  
17 Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia,  
18 Wisconsin and Wyoming.

19 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and  
20 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,  
21 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It  
22 includes most of the former DBA principals and staff. Our staff includes consultants  
23 with backgrounds in accounting, engineering, economics, mathematics, computer  
24 science and business.



1           Brubaker & Associates, Inc. and its predecessor firm has participated in over  
2 700 major utility rate and other cases and statewide generic investigations before  
3 utility regulatory commissions in 40 states, involving electric, gas, water, and steam  
4 rates and other issues. Cases in which the firm has been involved have included  
5 more than 80 of the 100 largest electric utilities and over 30 gas distribution  
6 companies and pipelines.

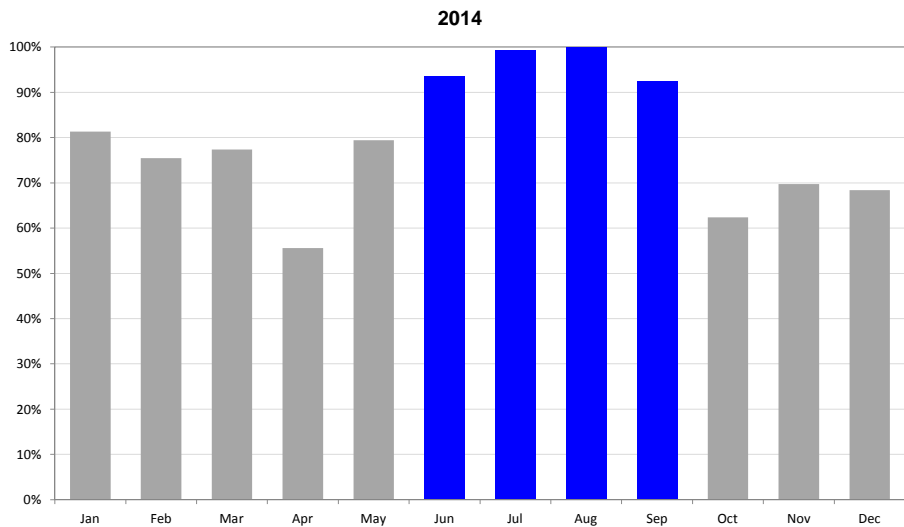
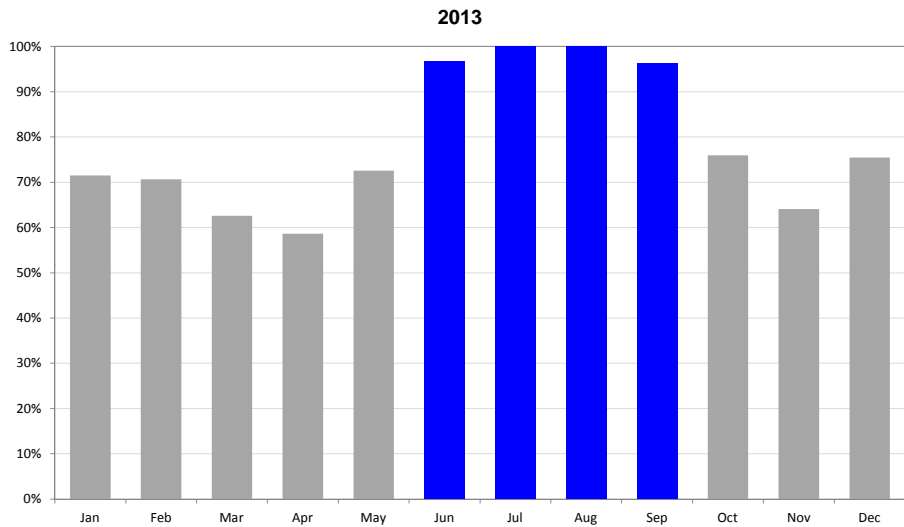
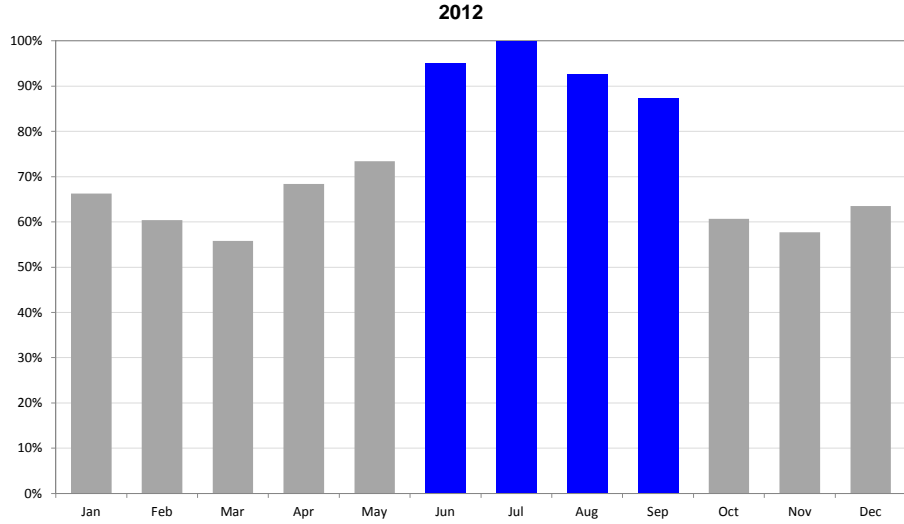
7           An increasing portion of the firm's activities is concentrated in the areas of  
8 competitive procurement. While the firm has always assisted its clients in negotiating  
9 contracts for utility services in the regulated environment, increasingly there are  
10 opportunities for certain customers to acquire power on a competitive basis from a  
11 supplier other than its traditional electric utility. The firm assists clients in identifying  
12 and evaluating purchased power options, conducts RFPs and negotiates with  
13 suppliers for the acquisition and delivery of supplies. We have prepared option  
14 studies and/or conducted RFPs for competitive acquisition of power supply for  
15 industrial and other end-use customers throughout the United States and in Canada,  
16 involving total needs in excess of 3,000 megawatts. The firm is also an associate  
17 member of the Electric Reliability Council of Texas and a licensed electricity  
18 aggregator in the State of Texas.

19           In addition to our main office in St. Louis, the firm has branch offices in  
20 Phoenix, Arizona and Corpus Christi, Texas.

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**KANSAS CITY POWER & LIGHT COMPANY**  
Case No. ER-2014-0370

**Analysis of KCPL's Monthly Peak Demands  
as a Percent of the Annual System Peak**



**KANSAS CITY POWER & LIGHT COMPANY**  
**Case No. ER-2014-0370**

**Analysis of KCPL's Monthly Peak Demands  
as a Percent of the Annual System Peak**

<u>Line</u>	<u>Description</u>	<u>Total Company MW (1)</u>	<u>Percent (2)</u>
1	January 2012	2,414	66%
2	February	2,199	60%
3	March	2,033	56%
4	April	2,491	68%
5	May	2,673	73%
6	June	3,461	95%
7	July	3,642	100%
8	August	3,376	93%
9	September	3,181	87%
10	October	2,211	61%
11	November	2,103	58%
12	December	2,313	64%
13	January 2013	2,418	71%
14	February	2,390	71%
15	March	2,116	63%
16	April	1,984	59%
17	May	2,455	73%
18	June	3,274	97%
19	July	3,382	100%
20	August	3,382	100%
21	September	3,258	96%
22	October	2,569	76%
23	November	2,167	64%
24	December	2,552	75%
25	January 2014	2,776	81%
26	February	2,575	75%
27	March	2,639	77%
28	April	1,896	56%
29	May	2,709	79%
30	June	3,188	93%
31	July	3,391	99%
32	August	3,412	100%
33	September	3,151	92%
34	October	2,129	62%
35	November	2,380	70%
36	December	2,334	68%

Source: KCPL Response to MPSC Staff Data Request No. 428