

Staff Exhibit No. 209-NP  
Date 6-15-15 Reporter AT  
File No. ER-2014-0370

Exhibit No.:  
Issues: Fuel Adjustment Clause  
Witness: Dana E. Eaves  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: ER-2014-0370  
Date Testimony Prepared: June 5, 2015

HC

Filed  
June 29, 2015  
Data Center  
Missouri Public  
Service Commission

**MISSOURI PUBLIC SERVICE COMMISSION**  
**REGULATORY REVIEW DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**DANA E. EAVES**

**KANSAS CITY POWER & LIGHT COMPANY**

**FILE NO. ER-2014-0370**

*Jefferson City, Missouri*  
*June 2015*

**\*\* Denotes Highly Confidential Information \*\***

**NP**

**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 )

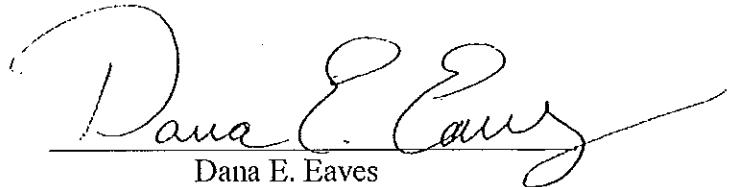
Case No. ER-2014-0370

**AFFIDAVIT OF DANA E. EAVES**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

COMES NOW, Dana E. Eaves and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
Dana E. Eaves

Subscribed and sworn to before me this 4<sup>th</sup> day of June, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
--

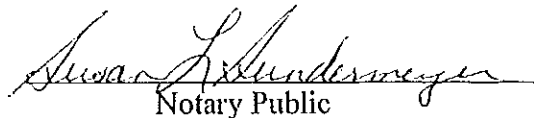
  
Notary Public

Table of Contents

**SURREBUTTAL TESTIMONY**

**OF**

**DANA E. EAVES**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2014-0370**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

**Tim Rush’s Testimony ..... 1**

**Darrin R. Ives’ Testimony ..... 12**

**Wm. Edward Blunk’s Testimony ..... 12**

**John Carlson’s Testimony ..... 14**

**H. Edwin Overcast’s Testimony ..... 15**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**SURREBUTTAL TESTIMONY**

**OF**

**DANA E. EAVES**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2014-0370**

Q. Please state your name and business address.

A. Dana E. Eaves, P.O. Box 360, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am a Utility Regulatory Auditor for the Missouri Public Service Commission in the Energy Department.

Q. Are you the same Dana E. Eaves who testified in both the Staff's *Revenue Requirement Cost of Service Report* ("COS Report")<sup>1</sup> and *Rate Design and Class Cost-Of-Service Report* ("CCOS Report") and filed rebuttal testimony concerning the Staff's Fuel Adjustment Clause ("FAC") recommendations in this case?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. I am responding to certain points in the rebuttal testimonies of KCPL witnesses Tim Rush, Darin R. Ives, Wm. Edward Blunk, John Carlson and H. Edwin Overcast, related to KCPL's request for a FAC.

**Tim Rush's Testimony**

Q. Does Mr. Rush claim Staff is wrong in its claim that SPP transmission charges are not volatile?

---

<sup>1</sup> In the Staff's COS Report, I am the sponsoring Staff Expert/Witness for Section XIV.B titled "FAC – Structure" subsections (1) through (4) on pages 194 – 200.

1           A.     Yes he does. On page 15 beginning on line 1 of his Rebuttal Testimony he  
2 provides the following Q & A:

3           **Q: Staff goes on to say that SPP schedule 11 costs, while increasing, are**  
4 **known and thus are not volatile. How do you respond?**

5           A: The future Schedule 11 costs are not known. There are no contracts fixing  
6 those charges. What we do know is, as Mr. John Carlson discusses, history  
7 has shown they are material and volatile. Moreover we have reason to believe  
8 they will continue to be large and volatile.

9           Q.     Has Staff claimed the SPP Schedule 11 costs are fixed by a contract?

10          A.     No it has not.

11          Q.     Has Staff made the claim in prior filings in this case that SPP transmission  
12 charges are not volatile?

13          A.     Yes.

14          Q.     Will you please explain where the data came from that you used in determining  
15 that SPP transmission costs are not volatile?

16          A.     Yes, I used the data provided by Mr. Rush in his Direct Testimony that was  
17 contained in the chart labeled "Transmission"<sup>2</sup>. The data that was used in the production of  
18 the chart was provided by Mr. Rush in his workpapers. The data provided by Mr. Rush shows  
19 a steady increase of costs for the years 2005 through 2013. Mr. Rush also provided Schedule  
20 TMR-5 attached to his direct testimony that provides forecasts for SPP base plan transmission  
21 project costs through the year 2025. The forecast shows SPP transmission expense for KCPL  
22 to continue rising until 2021, when the forecast starts to level off and decrease slightly until  
23 2025, the end of the forecasted range. Merriam-Webster dictionary defines volatile as: "likely  
24 to change in a very sudden or extreme way<sup>3</sup>."

---

<sup>2</sup> Direct testimony of Tim M. Rush in Case No. ER-2014-0370, page 11.

<sup>3</sup> <http://www.merriam-webster.com/dictionary/volatile>

Surrebuttal Testimony of  
Dana E. Eaves

1 Q. Did any data provided by Mr. Rush or other KCPL witnesses show any sudden  
2 or extreme change in costs, whether forecasted or actual, related to transmission costs?

3 A. No. The data Staff relied upon to make its determination, as provided by  
4 KCPL, show transmission costs are steadily increasing but do not show sudden or extreme  
5 changes.

6 Q. Absent a FAC, are there traditional rate-making treatments that could be  
7 afforded costs that are not volatile but steadily increase, in order to allow a utility a reasonable  
8 opportunity to recover those costs?

9 A. Yes. The most common regulatory treatment given to costs that are increasing  
10 is allowing for an annualization of costs, recognizing that costs are increasing during a period  
11 and making the necessary adjustments that would reflect the most accurate level of costs on a  
12 going forward basis.

13 Q. Will you be addressing Mr. Carlson's rebuttal testimony on this issue later?

14 A. Yes.

15 Q. Mr. Rush also states "Staff appears to ignore the Commission's determination  
16 that these types of RTO transmission charges are volatile and appropriate for inclusion in an  
17 FAC."<sup>4</sup> Has Staff ignored Commission decisions related to inclusion of transmission costs in  
18 a FAC?

19 A. No, absolutely not. Staff believes its recommendation with modifications in  
20 this case related to the exclusion of certain transmission costs closely follows the Commission  
21 decision in Ameren Missouri's most recent rate case in which the Commission stated<sup>5</sup>:

---

<sup>4</sup> Rebuttal testimony of Tim M. Rush in Case No. ER-2014-0370, page 9, lines 18-19.

<sup>5</sup> In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service, File No. ER-2014-0258, Report and Order, page 115.

**Decision:**

The evidence demonstrated that for purposes of operation of the MISO tariff, Ameren Missouri sells all the power it generates into the MISO market and buys back whatever power its [*sic*] needs to serve its native load. From that fact, Ameren Missouri leaps to its conclusion that since it sells all its power to MISO and buys all that power back, all such transactions are off-system sales and purchased power within the meaning of the FAC statute. The Commission does not accept this point of view.

The drafters of the FAC statute likely did not envision a situation where a utility would consider all its generation purchased power or off-system sales. In fact, the policy underlying the FAC statute is clear on its face. The statute is meant to insulate the utility from unexpected and uncontrollable fluctuations in transportation costs of purchased power. At the time the statute was drafted, and even in our more complex present-day system, the costs of transporting energy in addition to the energy generated by the utility or energy in excess of what the utility needs to serve it [*sic*] load are the costs that are unexpected and out of the utility's control to such an extent that a deviation from traditional rate making is justified.

Therefore, of the three reasons Ameren Missouri incurs transmission costs cited earlier, the costs that should be included in the FAC are 1) costs to transmit electric power it did not generate to its own load (true purchased power) and 2) costs to transmit excess electric power it is selling to third parties to locations outside of MISO (off-system sales).

Q. Does this Commission order affect Staff's recommendation in this case?

A. Yes it does. As stated in the COS Report, Staff recommends that the Commission not grant KCPL's request to implement a FAC because KCPL has not satisfied the fundamental criteria for implementing a FAC<sup>6</sup>; that recommendation has not changed. However, in the event the Commission grants KCPL's request for a FAC, Staff is proposing a modification to its original position, based on the Commission order in the Ameren Missouri case quoted above, which was issued after Staff filed its COS Report.<sup>7</sup> Staff's position that was filed in the COS Report was a complete elimination of transmission charges associated with SPP Schedule 11 from the FAC. However, as a result of the Commission Order in the

<sup>6</sup> Staff witness Natelle Dietrich addresses another reason why Staff does not support KCPL's request for a FAC in her testimony in this case.

<sup>7</sup> The Commission's order in the Ameren Missouri case was issued on April 29, 2015. As I stated in my rebuttal testimony (page 10 line 24 through page 11 line 3) filed on May 7, 2015, at the time rebuttal testimony was filed in this case Staff was still studying the Ameren Missouri order and intended to follow that order as related to the appropriate transmission costs that should be included in KCPL's proposed FAC in this case.

Surrebuttal Testimony of  
Dana E. Eaves

1    aforementioned Ameren Missouri case, Staff has cause to modify its position in an effort to  
2    comply with that order and now recommends an inclusion of some percentage of Schedule 11  
3    charges. Staff has not performed this calculation as the data is not currently available to Staff.  
4    Staff issued Data Request Nos. 0561 and 0562 in this case in an effort to obtain sufficient  
5    information that would allow for analysis and an appropriate determination of the level of  
6    transmission costs that are associated with, to apply the language used in the Commission's  
7    Ameren Missouri order to KCPL, 1) costs to transmit electric power KCPL did not generate  
8    to its own load and 2) costs to transmit excess electric power KCPL is selling to third parties  
9    to locations outside of SPP.

10        Q.    Has Staff received KCPL's Highly Confidential responses to Staff's Data  
11    Requests No. 0561 and 0562?

12        A.    Yes it has. In KCPL's response to Data Request No. 0561 it states: \*\* \_\_\_\_\_  
13    \_\_\_\_\_  
14    \_\_\_\_\_  
15    \_\_\_\_\_

16    \_\_\_\_\_ \*\* In KCPL's response to  
17    Data Request No. 0562 it states: \*\* \_\_\_\_\_  
18    \_\_\_\_\_  
19    \_\_\_\_\_

20    \_\_\_\_\_  
21    \_\_\_\_\_ \*\* Based upon these responses, Staff is not able to calculate a recommended level of  
22    transmission expense to be included in a FAC for KCPL as provided in the Ameren Missouri  
23    order at this time.



1 Q. Is Staff still recommending the exclusion of SPP Schedules 1-A and 12 costs?

2 A. Yes. The same arguments Staff provided in its COS Report have not changed  
3 based on the Ameren Missouri Commission decision.

4 Q. Does Mr. Rush claim you misrepresent what FERC Accounts 501 and 547 are  
5 for?

6 A. Yes he does.

7 Q. What are FERC Accounts?

8 A. As stated in FERC's Uniform System of Accounts for Electric Utilities  
9 ("USofA"):

10 Jurisdictional companies are required to maintain their books and records  
11 in accordance with the Commission's Uniform System of Accounts  
12 ("USofA"). The USofA provides basic account descriptions and accounting  
13 definitions that are useful in understanding the information reported in the  
14 Form Nos.1, 1-F, 2, 2A and 6.

15 Accounts 501 and 547 are specifically defined in the USofA as:

16 **501 Fuel:**

17 A. This account shall include the cost of fuel used in the production of  
18 steam for the generation of electricity, including expenses in unloading fuel  
19 from the shipping media and handling thereof up to the point where the fuel  
20 enters the first boiler plant bunker, hopper, bucket, tank or holder of the  
21 boiler-house structure. Records shall be maintained to show the quantity, B.t.u  
22 content and cost of each type of fuel used...

23 **547 Fuel:**

24 This account shall include the cost delivered at the station (see account  
25 151. Fuel Stock, for Major Utilities, and account 154. Plant Materials and  
26 Operating Supplies, for Nonmajor utilities) of all fuel, such as gas, oil,  
27 kerosene, and gasoline used in other power generation.

28 Q. In which accounts does KCPL record the cost of coal and natural gas?

29 A. KCPL records its cost of coal in FERC Account 501 and the majority of its  
30 cost of natural gas in FERC Account 547. KCPL does appropriately record some costs  
31 associated with natural gas and oil in FERC Account 501 as these fuels are used as start-up

1 and burn stabilization fuels which directly supports the burning of coal. KCPL's Chart of  
2 Accounts<sup>8</sup> provides the follow description for FERC Account 501 and 547:

3 **Account 501000, Fuel Exp-Deliv Cost Coal Burn:**

4 This account shall include the delivered cost of coal burned in the  
5 production of steam for the generation of electricity, including freight,  
6 demurrage and switching at average inventory cost from monthly FaRMS  
7 reports (created and maintained by the Fuel).

8 **Account 547002, Fuel Exp-Deliv Cost Coal Burn:**

9 Delivered cost of natural gas burned at the Hawthorn CT units for  
10 generation

11 Q. Does KCPL also record some costs associated with the production of steam for  
12 generation in FERC Account 547?

13 A. Yes it does. In KCPL's response to the Office of the Public Counsel's Data  
14 Request 8030 it states:

15 The fuel expense for Hawthorn 6/9, KCP&L's only combined cycle  
16 generating plant is recorded in account 547. Hawthorn 6 is a CT and it  
17 belongs in 547. Hawthorn 9 takes the exhaust heat and a small amount of gas  
18 to generate steam and then spin the turbine. That small amount of gas is  
19 charged to 547 as well because KCP&L views 6/9 as one unit.

20 Q. Mr. Rush disagrees with several changes you made to the redline/strikeout  
21 exemplar tariff sheets filed as Schedule DEE-1. Would you please address his issues?

22 A. Yes, Mr. Rush expressed the following concerns:

23 Tariff Sheet No. 50:

24 • "Striking out of the Second/First Revised designation is incorrect;" I agree with  
25 Mr. Rush that since a First Revised Sheet 50 already exists, this designation should not  
26 be struck.

27 • "On Tariff Sheet 50, Mr. Eaves has added the work "billing" to the definition  
28 of a recovery period;" I originally added the word "billing" to make this tariff sheet

---

<sup>8</sup> KCPL's response to Staff Data Request No. 0030 in Case No. ER-2014-0370.

1 consistent with GMO's FAC tariff. However, based on information regarding the  
2 billing systems of KCPL and GMO which I received from Mr. Rush since filing my  
3 exemplar tariff sheets, it is now my understanding there is not a need to add the word  
4 "billing" to the proposed FAC tariff.

5 • "Mr. Eaves has added the wording, "All penalties assessed associated with The  
6 North American Electric Reliability Corporation and other regional entities  
7 compliance and reliability standards shall be excluded from the FAC";" I continue to  
8 believe that the wording is necessary to clearly state that such costs are not to be  
9 included in KCPL's proposed FAC.

10 Tariff Sheet 50.1

11 • "Mr. Eaves struck accessorial charges, bio-fuels, broker commissions, fees and  
12 margins and propane from the 501 description;" Staff believes "accessorial charges" is  
13 a generic term and should be more specifically defined within the tariff. Staff  
14 understands KCPL no longer uses bio-fuels and if it was to resume the practice of  
15 burning bio-fuel, the costs should be recorded to renewable energy standard so the  
16 reference to bio-fuel should be excluded from the tariff and not recovered in a FAC.  
17 Broker commissions, fees and margins were struck as they are generic terms and  
18 should be defined within the tariff. Staff removed propane as it is not aware that  
19 KCPL utilizes propane either as a start-up fuel, burn stabilization or environmental  
20 controls.

1           Tariff Sheet 50.2

2           •       “Mr. Eaves added wording to the PP definition to exclude all SPP Schedule 1-  
3           A fees;” If the Commission adopts Staff’s FAC position the exclusionary language  
4           would be appropriate.

5           •       “Mr. Eaves also struck the following wording from the PP definition: “other  
6           miscellaneous SPP IM charges including but not limited to;” Staff disagrees with the  
7           inclusion of miscellaneous charges as it is vague and should be defined with the tariff.

8           •       “He [Mr. Eaves] also modified 456.1 by making it just 456. While it might  
9           seem like that is a simplification it significantly changes what is included in the FAC.  
10          Effective January 1, 2006, FERC changed its Uniform system of Accounts to better  
11          identify various RTO costs. One of those changes was the creation of Account 456.1.  
12          Account 456 represents “Other electric revenues” which include “revenues received  
13          from operation of fish and wildlife, and recreation facilities whether operated by the  
14          company or by contract concessionaires, such as revenues from leases, or rentals of  
15          land for cottage, homes, or campsites” while Account 456.1 represents “Revenues  
16          from transmission of electricity of others”.<sup>9</sup> With these proposed changes I was  
17          attempting to include all transmission revenues in FERC Account 456 and not just  
18          limited to 456.1. I did strike FERC Account Numbers 561.4, 561.8, 575.7, and 928.  
19          Because of the recent Ameren Missouri Commission order related to the inclusion of  
20          transmission costs in a FAC, as discussed earlier in this testimony Staff is modifying  
21          its position to reflect only those transmission costs needed to support 1) costs to  
22          transmit electric power KCPL did not generate to its own load and 2) costs to transmit

---

<sup>9</sup> Rebuttal Testimony of Tim M. Rush in Case No. ER-2014-0370, page 19, lines 14-22, page 20, line 1.

1 excess electric power KCPL is selling to third parties to locations outside of SPP. To  
2 follow this Ameren Missouri Commission order, Staff would now recommend striking  
3 all revenue accounts and include language that would allow for compliance with the  
4 Ameren Missouri order as related to very specific transmission costs.

5 • “In the OSSR definition, Mr. Eaves struck make whole and out of merit  
6 payments and distributions but added ancillary services, revenue sufficiency and  
7 neutrality;” Staff contends the terminology it added more accurately describes the type  
8 of revenue that should be included in the FAC.

9 Tariff Sheet 50.3

10 • “Mr. Eaves explicitly excludes all impacts of cross-hedging;” Staff addresses  
11 this issue under Mr. Blunk’s section later in this testimony.

12 • “Mr. Eaves also made a change to the definition of the jurisdictional allocation  
13 calculation of  $J = \frac{\text{Missouri Retail Energy Ratio}}{\text{Total Net System Input (NSI)}}$ . Mr. Eaves has suggested that the Missouri Retail Energy Ratio=  
14 Missouri Retail kWh sales divided by Total Net System Input (NSI). The Company  
15 believes that it is a miss-match to compare retail sales to net system input. The  
16 Company believes that to be consistent with how costs are allocated between the  
17 jurisdictions in a rate case this calculation should be as follows:  $J = \frac{\text{Missouri Retail Energy Ratio}}{\text{Missouri Retail kWh Sales} + \text{Total Retail kWh Sales (KS and MO) + Sales for Resale (Account 447.100 - Municipals)}};$ <sup>10</sup> KCPL’s recommendation could  
18 be appropriate if losses are proportional to the kWh sales. At this time I do not believe  
19 line losses between Kansas and Missouri are proportional based upon customer mix  
20 (residential vs commercial/industrial mix). KCPL’s Kansas customers are mostly  
21  
22

---

<sup>10</sup> Rebuttal Testimony of Tim M. Rush in Case No. ER-2014-0370, page 20, lines 9-16.

1 residential and Missouri customers have commercial and industrial. It is typically the  
2 case that a service area comprised of residential customers will experience higher line  
3 loss percentage than that of a system with a mixture of residential, commercial and  
4 industrial customers as Missouri service territory reflects. I believe that my proposed  
5 definition of the “J” component that is included in the redline version of the FAC is  
6 correct when NSI is defined as [Retail Sales (KS+MO) + Sales for Resale + Border  
7 Customers + Firm Wholesale + Losses].

8 Tariff Sheet 50.5

9 • “The Company believes that since base rates are being set in this rate case, the  
10 original tariff calculation sheet should contain all zeros until the first accumulation  
11 period has passed;” Staff believes that the tariff sheet should not contain all zeros. It is  
12 my position that the proposed FAC tariff sheet should include an amount for the  
13 calculated Base Factor (BF). I recommended a BF of \$\$0.01406 per kWh in Staff’s  
14 CCOS Report. Based upon my modified position related to the appropriate level of  
15 transmission expense to include, my recommendation in the Class Cost of Service  
16 Report will need to be modified to reflect the inclusion of some level of transmission  
17 expense per the Commission’s order in the Ameren Missouri case once the  
18 information can be provided to Staff by KCPL.

1 **Darrin R. Ives' Testimony**

2 Q. Mr. Ives states: "Staff asserts that KCP&L's FAC costs are of insufficient  
3 volatility to warrant an FAC."<sup>11</sup> Has Mr. Ives demonstrated in his rebuttal testimony that the  
4 cost components to be tracked in KCPL's proposed FAC are volatile?

5 A. No, he has not. He provides a chart<sup>12</sup> that purports to demonstrate KCPL's  
6 inability to collect sufficient revenue from customers through rates to cover its costs as  
7 established in the rate case in which rates were set. This is a completely different issue and is  
8 not appropriate in determining whether or not the individual fuel and purchased power  
9 component prices are volatile as the set forth in 4 CSR 240.20.090(2)(C). There are many  
10 factors that could lead to KCPL under- or over-collecting revenue from its customers to cover  
11 all of its fuel and purchased power related costs and he does not address any of those factors.

12 **Wm. Edward Blunk's Testimony**

13 Q. Does Mr. Blunk state that Staff is incorrect in its statement, "KCPL knows its  
14 coal costs because it has purchased a large percentage of its coal needed for generation for the  
15 next several years at a contracted price"<sup>13</sup>?

16 A. Yes, he does.

17 Q. \*\* \_\_\_\_\_

18 \_\_\_\_\_ \*\*

19 A. \*\* \_\_\_\_\_

20 \_\_\_\_\_  
<sup>11</sup>Case No. ER-2014-0370, Rebuttal Testimony of Darrin R. Ives on Behalf of Kansas City Power & Light Company, page 8, line 12.

<sup>12</sup> Case No. ER-2014-0370, Rebuttal Testimony of Darrin R. Ives on Behalf of Kansas City Power & Light Company, page 10.

<sup>13</sup> Case No. ER-2014-0370, Rebuttal Testimony of Wm. Edward Blunk on Behalf of Kansas City Power & Light Company, page 9, lines 13-17.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

\_\_\_\_\_ \*\*

Q. Does Mr. Blunk disagree with your and Mr. Brosch's recommendations to exclude certain transmission costs from KCPL's proposed FAC?

A. Yes he does. The reason Staff has recommended the exclusion of SPP Schedule 11 charges from KCPL's proposed FAC has been addressed earlier in this testimony. As discussed earlier, Staff believes its proposed FAC design with certain modifications is appropriate in light of the most recent Ameren Missouri decision related to the appropriateness of including a certain level of transmission costs, which can't be determined at this time because as stated earlier KCPL was not able to provide this information.

Q. Did you recommend the removal of the term "accessorial charges" from KCPL's proposed FAC tariff?

A. Yes I did. It is my experience working with FAC tariff language that it has been Staff's position to remove or replace vague and/or undefined terminology during the drafting stages of either new proposed tariffs or tariff revisions. If "accessorial charges" are as described in Mr. Blunk's rebuttal testimony,<sup>14</sup> they should be so defined in KCPL's proposed FAC tariff.

Q. Did you recommend the exclusion of costs associated with KCPL's cross-hedging policy?

A. Yes, I did. In KCPL's response to Staff's data request 434, KCPL states:

\_\_\_\_\_  
<sup>14</sup> Case No. ER-2014-0370, Rebuttal Testimony of Wm. Edward Blunk on Behalf of Kansas City Power & Light Company, page 34.



1           \*\* \_\_\_\_\_  
2           \_\_\_\_\_  
3           \_\_\_\_\_  
4           \_\_\_\_\_ \*\*

5           \*\* \_\_\_\_\_  
6           \_\_\_\_\_  
7           \_\_\_\_\_  
8           \_\_\_\_\_  
9           \_\_\_\_\_  
10          \_\_\_\_\_ \*\*

11           Q.     Does Mr. Blunk find your recommendation to remove the “broker  
12 commissions and fees” to be “problematic”?

13           A.     Yes he does.<sup>15</sup> I removed that language because it was not defined as to the  
14 true type or nature of fees KCPL was proposing to include in its proposed FAC.

15           **John Carlson’s Testimony**

16           Q.     Mr. Carlson claims that Staff mischaracterized “projected” SPP Schedule 11  
17 charges as known and measurable.<sup>16</sup> How do you respond to Mr. Carlson’s claim?

18           A.     Staff used the known and measurable standard to describe appropriate rate  
19 treatment that could be given to the “projected” increases of SPP Schedule 11 charges during  
20 a rate case such as this case. Staff used the known and measurable standard in its ordinary  
21 sense that “known” means it has a likelihood of occurring and “measurable” means it can be  
22 reasonably quantified. It is Staff’s opinion that the SPP Schedule 11 charges meet this  
23 standard for the purpose of this case.

<sup>15</sup> Case No. ER-2014-0370, Rebuttal Testimony of Wm. Edward Blunk on Behalf of Kansas City Power & Light Company, page 35.

<sup>16</sup> Case No. ER-2014-0370, Rebuttal Testimony of John R. Carlson on Behalf of Kansas City Power & Light Company, page 7 lines 2-4.

1 **H. Edwin Overcast's Testimony**

2 Q. Mr. Overcast in his rebuttal testimony takes exception with Staff's proposed  
3 FAC design if the Commission finds a FAC is appropriate.<sup>17</sup> Is Staff's proposed design of  
4 KCPL's FAC in this case similar in nature to the Commission decision related to an  
5 appropriate FAC design in the most recent Ameren Missouri rate case?

6 A. Yes. As I have stated earlier, if the Commission grants KCPL's request for a  
7 FAC, Staff's proposed FAC design recommendation with modifications is consistent with the  
8 Commission order in the recent Ameren Missouri rate case, and balances both the interests of  
9 KCPL and its customers.

10 Q. Does this conclude your surrebuttal testimony?

11 A. Yes, it does.

---

<sup>17</sup> Case No. ER-2014-0370, Rebuttal Testimony of H. Edwin Overcast on Behalf of Kansas City Power & Light Company, beginning on page 35.