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Witness: Michael L. Stahlman
Sponsoring Party: MoPSC Staff
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Case No.: ER-2016-0285
Date Testimony Prepared: January 27, 2017

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

TARIFF / RATE DESIGN UNIT

SURREBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

Staff Exhibit No. 230
Date 2-28-17 Reporter KE
File No. ER-2016-0285

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

*Jefferson City, Missouri
January, 2017*

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL L. STAHLMAN**

4 **KANSAS CITY POWER & LIGHT COMPANY**

5 **CASE NO. ER-2016-0285**

6 Q. Please state your name and business address.

7 A. My name is Michael L. Stahlman, and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

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

10 A. I am employed by the Missouri Public Service Commission ("Commission")
11 as a Regulatory Economist III in the Tariff/Rate Design Unit of the Operation Analysis
12 Department in the Commission Staff Division.

13 Q. Are you the same Michael L. Stahlman that supported sections in Staff's
14 Revenue Requirement Cost of Service Report ("COS Report")?

15 A. Yes.

16 Q. What is the purpose of your testimony?

17 A. The purpose of my surrebuttal testimony is to respond to KCPL witness
18 Tim M. Rush regarding KCPL's adjustment to billing determinants for MEEIA Cycle 1
19 energy savings. I will also respond to KCPL witness Marisol E. Miller regarding Staff's
20 rate revenue calculation.

21 I. **RESPONSE TO KCPL WITNESS TIM RUSH REGARDING MEEIA**
22 **CYCLE 1 BILLING ADJUSTMENT TO BILLING DETERIMANTS**

23 Q. On page 14 of KCPL witness Tim M. Rush's rebuttal testimony he states:

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1 When addressing the unit sales and demand levels,
2 adjustments are made to reflect normal weather,
3 customer annualizations (e.g. establish customer levels
4 at a time closer to when rates go into effect) and
5 adjustments for known and measurable changes from the
6 test period, such as customer usage changes not reflected
7 in the weather normalization process.

8 Is this how Staff performs its adjustments?

9 A. No. When addressing normalizing and annualizing of rate class billing
10 determinants, such as the number of customers, kWh sales in each block, and kW
11 determinants, Staff will make an adjustment to weather normalize kWh and to adjust a rate
12 class' kWh, kW, and number of customers based on the overall change in the number of
13 customers from the end of the update period to the end of the true-up period. Staff does not
14 perform an analysis that determines whether the change in customer usage for a class or a
15 specific customer from one time period to the next is due to weather or some other event.

16 In a rate case, Staff will weather normalize a 12-month period, the 12-months ending
17 at the end of the update period or the 12-months ending at the end of the test year, and update
18 the normalized kWh for changes in the number of customers through the end of the true-up
19 period. Billing determinants are not re-weather normalized for the 12-months ending at the
20 end of the true-up period since the weather normalization process requires data and analysis
21 that take a greater amount of time to gather and calculate than the true-up time period permits.
22 To compare the kWh of a customer class at the end of the true-up period to the normalized
23 kWh of the class at the end of the update period is a mismatch of comparisons because the
24 true-up kWh is not weather normalized.

25 Q. What time period did Staff weather normalize in this case?

26 A. Staff weather normalized the 12-months ending December 31, 2015.

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1 Q. Why didn't Staff weather normalize through the 12-months ending June 30,
2 2016?

3 A. As I mentioned in my rebuttal testimony, KCPL could not provide updated
4 load research and billing determinants through the end of June in time for Staff to perform its
5 analysis before filing the COS Report on November 30, 2016.

6 Q. Is Staff making an adjustment to normalized and annualized kWh for the
7 true-up period in this case for KCPL's MEEIA Cycle 2 programs?

8 A. Yes, Staff will make an adjustment to normalized and annualized kWh for
9 MEEIA Cycle 2 programs, according to the process stipulated to in the MEEIA Cycle 2
10 stipulation and agreement in Case. No. EO-2015-0240 ("Cycle 2 Stipulation") and included in
11 KCPL's Cycle 2 DSIM Rider ("Cycle 2 DSIM Rider").¹ This stipulated process reflects an
12 agreement of the parties in that case to deem that MEEIA Cycle 2 programs had a specific
13 impact on kWh sales.

14 Q. Would it be reasonable to apply the Cycle 2 adjustment process to the Cycle 1
15 measures to annualize billing determinants?

16 A. No. While the parties to the MEEIA Cycle 2 process stipulated to adopt the
17 measured load shapes relied upon in developing the MEEIA Cycle 2 portfolio, it is not
18 reasonable to expect that those are the actual changes that will occur to customer usage in a
19 particular hour, day, month, or year. Further, the parties also stipulated to adopt the measured
20 load shapes relied upon in developing the MEEIA Cycle 2 portfolio without any other
21 changes in load offsetting those reductions. It is not reasonable to expect that there be no
22 other changes in load offsetting those stipulated reductions for MEEIA Cycle 1.

¹ Kansas City Power & Light Company, P.S.C. MO. No. 7. Original Sheet Nos. 49K and 49L.

Surrebuttal Testimony of
Michael L. Stahlman

1 Q. Does Mr. Rush attempt to account in his adjustment for customers who may
2 have changed how they use energy outside of the measure?

3 A. No.

4 Q. Does the Non-Unanimous Stipulation and Agreement Resolving KCP&L
5 Greater Missouri Operations Company's MEELA Filing on October 29, 2012, filed in Case
6 No. EO-2012-0009; Cycle 2 Stipulation; and KCPL's Cycle 2 DSIM Rider prohibit the
7 annualization of kWh in this rate case impacted by KCPL's Cycle 1 demand-side programs?

8 A. Yes. Staff witness John A. Rogers provides information on this issue in his
9 surrebuttal testimony.

10 II. RESPONSE TO KCPL WITNESS MARISOL E. MILLER
11 REGARDING STAFF'S RATE REVENUE CALCULATION

12 Q. On page 3 lines 10-11 of Ms. Miller's direct testimony, she states:
13 "Staff's [revenue calculation process] only went through the update period of June 30, 2016,
14 and did not go beyond that period in determining its revenue levels used in there direct
15 testimony." Why does Staff not project growth through December 31, 2016?

16 A. Staff only uses known and measurable information to calculate the rate
17 revenues. As previously discussed in my rebuttal testimony, KCPL was not able to provide
18 billing determinants through June 2016 for the revenue calculation; therefore, Staff used
19 normalized and annualized billing determinants through December 2015 and then grew the
20 kWh and customer counts through June 2016 based on Staff's growth calculation, to account
21 for the absent data. Staff did not have known and measurable customer growth data available
22 through December 2016.

23 Q. Does this conclude your surrebuttal testimony?

24 A. Yes, it does.

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-2016-0285

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW MICHAEL L. STAHLMAN, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

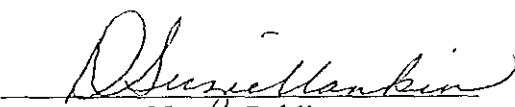


MICHAEL L. STAHLMAN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25th day of January, 2017.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public