

Exhibit No.: 130
Issues: Class Cost of Service
Rate Design
Witness: Janice Pyatte
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2006-0314
Date Testimony Prepared: October 6, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

FILED

NOV 13 2006

OF

Missouri Public
Service Commission

JANICE PYATTE

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2006-0314

**Jefferson City, Missouri
October 2006**

~~State~~ Exhibit No. 130
Case No(s). ER-2006-0314
Date 10-16-06 Rptr KF

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

In the Matter of the Application of Kansas)
City Power & Light Company for)
Approval to Make Certain Changes in its)
Charges for Electric Service to Begin the)
Implementation of Its Regulatory Plan)

Case No. ER-2006-0314

AFFIDAVIT OF JANICE PYATTE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Janice Pyatte, of lawful age, on her oath states: that she has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 3 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Janice Pyatte

Subscribed and sworn to before me this 5th day of October, 2006.


Notary Public

My commission expires 9-21-10



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

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SURREBUTTAL TESTIMONY
OF
JANICE PYATTE
KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2006-0314

Q. Please state your name and business address.

A. My name is Janice Pyatte and my business address is P. O. Box 360, Jefferson City, Missouri 65102.

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

A. I am a Regulatory Economist III in the Economic Analysis section of the Energy Department, Utility Operations Division of the Missouri Public Service Commission ("Staff").

Q. Are you the same Janice Pyatte who previously filed testimony on behalf of Staff in this case?

A. Yes, I am. I submitted direct testimony on August 23, 2006, and rebuttal testimony on September 15, 2006, on the issues of class cost-of-service ("CCOS") and rate design.

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony responds to the criticisms of Staff's CCOS study contained in the rebuttal testimony of Mr. Maurice Brubaker. The specific issues that I address are: (1) the treatment of line losses in the computation of Staff's allocation factors; (2) the allocation of administrative and general ("A&G") expenses to classes; and (3) the allocation to the classes of the costs and revenues associated with bulk power (a/k/a off-

Surrebuttal Testimony of
Janice Pyatte

1 system) sales. I am presenting a current version of Staff's CCOS study that incorporates the
2 modifications I discuss in this testimony. Staff's current CCOS study is attached and labeled
3 Schedule JP-6 (Revised).

4 Q. Are other Staff witnesses submitting surrebuttal testimony that addresses
5 CCOS and Rate Design issues?

6 A. Yes. Staff witness James A. Busch is submitting surrebuttal testimony that
7 addresses the criticisms of Staff's choice of an Average & Peak allocation factor to use to
8 attribute the costs of production capacity and transmission to classes.

9 Q. What is Staff's current position on the issue of line losses?

10 A. I originally believed that Kansas City Power & Light Company (KCP&L)
11 failed to recognize line losses when computing coincident peak demands and class peak
12 demands for use in its allocation factors; therefore, I added losses to the data KCP&L
13 supplied prior to computing the allocation factors used in Staff's original CCOS study.
14 KCP&L witness Lois Liechti filed rebuttal testimony in which she stated that the peak
15 demands the Company had supplied the parties included line losses. After talking to a
16 number of the KCP&L analysts involved in generating this peak demand data, I have
17 concluded the KCP&L demand data does account for line losses. Consequently, I have
18 recomputed the relevant Staff allocation factors with KCP&L's original peak demand data
19 and system load factor.

20 Q. What is Staff's current position on the issue of administrative and general
21 expenses?

22 A. Mr. Brubaker's testimony points out that both Staff and KCP&L allocated
23 selected A&G expenses on class contribution to energy, rather than on the more appropriate

Surrebuttal Testimony of
Janice Pyatte

1 basis of salaries and wages. I believe that salaries and wages is a more appropriate choice and
2 stated so in my rebuttal testimony [Pyatte, page 8, lines 8-12]. The revised CCOS study
3 attached to this testimony reflects the Staff's current position.

4 Q. What is Staff's current position on the issue of allocating the margins (profits)
5 from off-system sales to classes?

6 A. To maintain consistency between jurisdictional allocations and class
7 allocations, I have allocated the margin from off-system sales on the basis of class
8 contribution to energy in Staff's revised CCOS study.

9 Q. Does this conclude your testimony?

10 A. Yes, it does.

MOPSC STAFF FUNCTIONAL CLASS COST OF SERVICE STUDY - SUMMARY OF RESULTS
KANSAS CITY POWER & LIGHT COMPANY - 12 MONTHS ENDING SEPTEMBER 30, 2005
MOPSC CASE NO. ER-2006-0314

FUNCTIONAL CATEGORY	MISSOURI RETAIL	RESIDENTIAL	SMALL GENERAL SERVICE	MEDIUM GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE POWER SERVICE	LIGHTING
Production-Capacity	\$228,043,821	\$75,636,403	\$12,805,213	\$27,156,253	\$56,264,347	\$56,181,605	\$0
Production-Energy	\$162,730,040	\$48,850,364	\$8,923,096	\$19,205,340	\$41,726,268	\$44,024,972	\$0
Transmission	\$22,979,513	\$7,621,727	\$1,290,355	\$2,736,481	\$5,669,644	\$5,661,306	\$0
Distribution Substations	\$10,061,502	\$4,402,253	\$579,928	\$1,187,718	\$2,070,447	\$1,821,156	\$0
OH/UG Lines							
Pri-Customer Related	\$15,010,820	\$7,879,555	\$2,610,412	\$2,353,937	\$1,853,266	\$313,651	\$0
Sec-Customer Related	\$8,383,592	\$4,510,842	\$1,492,715	\$1,340,327	\$981,786	\$57,922	\$0
Pri-Demand Related	\$32,382,158	\$14,737,853	\$2,313,783	\$3,779,897	\$7,546,901	\$4,003,724	\$0
Sec-Demand Related	\$14,688,311	\$7,642,171	\$1,196,526	\$1,942,400	\$3,443,275	\$463,939	\$0
Line Transformers							
Sec-Customer Related	\$5,942,344	\$3,197,314	\$1,058,046	\$950,032	\$695,896	\$41,056	\$0
Sec-Demand Related	\$5,542,665	\$2,959,864	\$388,725	\$791,400	\$1,221,344	\$181,332	\$0
Services	\$3,437,355	\$1,824,792	\$1,171,842	\$324,263	\$114,670	\$1,787	\$0
Meters & Recorders	\$5,909,760	\$3,372,933	\$1,100,031	\$750,795	\$368,285	\$317,716	\$0
Company-Owned Lighting	\$3,865,175	\$0	\$0	\$0	\$0	\$0	\$3,865,175
Meter Reading	\$4,637,536	\$3,957,650	\$417,554	\$87,965	\$32,574	\$141,793	\$0
Customer Records & Collection	\$10,628,568	\$8,438,594	\$1,230,905	\$529,366	\$428,161	\$1,541	\$0
Customer Assistance	\$1,245,515	\$300,979	\$94,134	\$134,707	\$393,420	\$322,276	\$0
Sales Exp	\$1,014,499	\$532,536	\$176,423	\$159,090	\$125,252	\$21,198	\$0
Uncollectible	\$3,663,594	\$3,177,801	\$364,161	\$121,631	\$0	\$0	\$0
Other Cust Service	\$4,532,495	\$2,379,220	\$788,210	\$710,768	\$559,591	\$94,706	\$0
Customer Deposits	\$46,645	\$26,136	\$17,058	\$2,863	\$490	\$97	\$0
Sales-Related A&G Expenses	(\$40,039)	(\$11,929)	(\$2,179)	(\$4,691)	(\$10,219)	(\$11,020)	\$0
Miscellaneous Assignments	\$2,456,020	\$1,395,749	\$165,906	\$209,937	\$401,449	\$282,979	\$0
Income Taxes	\$38,237,098	\$15,181,581	\$3,010,697	\$4,729,063	\$8,354,558	\$6,776,423	\$184,777
	\$585,398,985	\$218,014,386	\$41,193,541	\$69,199,544	\$132,241,403	\$120,700,160	\$4,049,952
Reallocate Lighting Costs	\$0	\$1,518,791	\$286,974	\$482,077	\$921,256	\$840,854	(\$4,049,952)
TOTAL COST OF SERVICE	\$585,398,985	\$219,533,177	\$41,480,514	\$69,681,620	\$133,162,659	\$121,541,014	\$0
CCOS %	100.00%	37.50%	7.09%	11.90%	22.75%	20.76%	0.00%
TOTAL RATE REVENUE	\$483,655,953	\$173,661,690	\$37,014,983	\$63,152,089	\$110,105,736	\$99,721,455	\$0
Miscellaneous Revenue	\$8,847,219	\$3,359,126	\$664,071	\$1,081,368	\$1,987,100	\$1,755,553	\$0
Bulk Power Sales:							
Demand (Capacity)	\$6,517,906	\$2,161,826	\$365,996	\$776,175	\$1,608,137	\$1,605,772	\$0
Energy - Profit on Sales	\$35,757,301	\$10,734,079	\$1,960,706	\$4,220,064	\$9,168,674	\$9,673,777	\$0
Energy - Cost of Sales	\$46,951,679	\$14,094,550	\$2,574,536	\$5,541,220	\$12,039,070	\$12,702,304	\$0
Rev on Trans. For KCPL	\$3,618,631	\$1,200,209	\$203,195	\$430,919	\$892,810	\$891,498	\$0
Transmission for Whsle Firm Power	\$50,299	\$16,683	\$2,824	\$5,990	\$12,410	\$12,392	\$0
TOTAL OPERATING REVENUE	\$585,398,988	\$205,228,163	\$42,786,312	\$75,207,825	\$135,813,938	\$126,362,750	\$0
RATE REVENUE DEFICIENCY	(\$3)	\$14,305,014	(\$1,305,798)	(\$5,526,204)	(\$2,651,279)	(\$4,821,736)	\$0
Required % Change to operating revenue	0.00%	6.97%	-3.05%	-7.35%	-1.95%	-3.82%	0.00%
to rate revenue	0.00%	8.24%	-3.53%	-8.75%	-2.41%	-4.84%	0.00%