

Staff-20

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Witness: Curt Wells
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

CURT WELLS

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2007-0291

**Jefferson City, Missouri
August 2007**

Exhibit No. 220
Case No(s). ER-2007-0291
Date 10/1/07 Rptr MU

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas)
City Power and Light Company for)
Approval to Make Certain Changes in its)
Charges for Electric Service To)
Implement Its Regulatory Plan.)

Case No. ER-2007-0291

AFFIDAVIT OF CURT WELLS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Curt Wells, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Curt Wells

Subscribed and sworn to before me this 29th day of August, 2007.



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


Notary Public

My commission expires 9-21-10

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KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2007-0291

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REBUTTAL TESTIMONY

OF

CURT WELLS

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2007-0291

Q. Please state your name and business address.

A. My name is Curt Wells and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same Curt Wells who submitted direct testimony in this case?

A. Yes, I am.

SUMMARY

Q. What is the purpose of your rebuttal testimony?

A. I respond to the Missouri jurisdictional retail sales revenue figure Kansas City Power & Light Company (KCPL) witness John P. Weisensee presents for KCPL in his direct testimony. I also present revisions to the Missouri retail revenue calculations Staff made to Appendix 4 of Staff's Cost-of-Service Report filed on March 31, 2007.

MISSOURI RETAIL RATE REVENUE

Q. What differences regarding the level of Missouri rate revenue remain between Staff and KCPL?

A. Through discussions, Staff and KCPL have reduced their differences significantly. Although the overall difference in rate revenue is not dramatic, differences in individual components are considerable, as are differences within the individual rate classes.

Q. What are the significant differences in individual components?

Rebuttal Testimony of
Curt Wells

1 A. First, Staff and KCPL used substantially different methodologies to determine
2 the starting point for making adjustments to Missouri rate revenue. Both Staff and KCPL
3 started with the gross revenues shown on KCPL's Jurisdictional Supplemental Pages to its
4 2006 FERC Form 1 ("Annual Report" or "FERC Form 1") and subtracted gross receipts taxes
5 and unbilled revenue as shown on KCPL's FERC Form 1. This is the figure Staff used as its
6 starting point. KCPL reached their starting point by making a billing adjustment to their actual
7 revenue, then calculated an additional amount of unbilled revenue to reach the FERC Form 1
8 revenue number. The result was that KCPL calculated a significantly lower amount of initial
9 revenues than has Staff.

10 Second, KCPL has a significantly higher initial amount for Large Power revenue than
11 Staff. KCPL has indicated to Staff that it will make a correction to its Large Power revenue,
12 but as of the writing of this testimony, the magnitude of KCPL's correction is unknown and,
13 therefore, Staff cannot determine the total revenue impact of that correction.

14 Third, Staff and KCPL have different overall revenue adjustments for weather
15 because they have different starting revenues for determining the Large General Service
16 weather adjustment, and because KCPL weather normalized revenues from the Large Power
17 class, while Staff did not.

18 Fourth, Staff and KCPL used different approaches in computing the rate change. Staff
19 applied the rate change to billing units; KCPL applied the rate change to total class revenues.

20 Fifth, Staff performed a days' adjustment to adjust the billing year to a 365-day
21 calendar year; KCPL did not.

22 Lastly, Staff and KCPL used different growth methods which cause differences in
23 their customer growth calculations.

Rebuttal Testimony of
Curt Wells

1 Q. Why is each of these differences significant?

2 A. Missouri Rate Revenue is the largest component of Missouri Operating
3 Revenue. Missouri Operating Revenue is what is compared to Missouri Jurisdictional Cost of
4 Service to determine the adequacy of current retail electric rates. KCPL's Total Missouri Rate
5 Revenue figure is less than Staff's figure and would lead to a larger rate increase for KCPL
6 than Staff's Total Missouri Rate Revenue figure.

7 Q. How do these differences impact individual rate classes?

8 A. Rate revenue for each class forms the basis for determining the rate
9 adjustments necessary to implement any shifts in class revenue responsibility. The billing
10 units that underlie each class's rate revenue are indispensable for implementing any rate
11 design changes approved by the Commission.

12 **REVISIONS**

13 Q. Why did you revise Missouri retail rate revenue in Appendix 4 to the Staff's
14 Report on Cost of Service?

15 A. Staff's review of additional information provided by KCPL and review of its
16 earlier analysis revealed the need for Staff to make several revenue adjustments in the Large
17 Power and Large General Service classes. These revised figures are reflected in the attached
18 Revised Attachment 4.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.

The Kansas City Power & Light Company - Case No. ER-2007-0291
Summary of Missouri Revenue

	Firm Rate Revenue	Weather Adjustment	Normalized Revenue	Annualization for Rate Change	Days Adjustment	Growth/ Annualization/ Rate Switching Adjustment	Total Revenue Including Growth/ Annualization
TOTAL RESIDENTIAL	\$178,371,376	(\$4,835,815)	\$173,535,560	\$21,946,857	(\$357,509)	\$1,171,527	\$196,296,435
TOTAL SMALL GENERAL SERVICE	\$37,917,232	(\$444,065)	\$37,473,167	\$3,670,660	\$64,439	(\$213,718)	\$40,994,547
TOTAL MEDIUM GENERAL SERVICE	\$63,559,143	(\$717,171)	\$62,841,972	\$6,112,024	\$57,023	\$1,719,820	\$70,730,839
TOTAL LARGE GENERAL SERVICE	\$113,946,178	(\$227,484)	\$113,718,694	\$11,708,786	\$217,045	(\$714,465)	\$124,930,060
TOTAL LARGE POWER	\$94,172,746	\$0	\$94,172,746	\$7,296,172	\$203,486	\$1,171,266	\$102,843,669
TOTAL LIGHTING	\$5,873,817	\$0	\$5,873,817	\$614,401	\$3,978	\$0	\$6,492,196
SPECIAL CONTRACT	\$232,385	(\$347)	\$232,038	(\$232,038)			\$0
MISSOURI FIRM RATE REVENUE	\$494,072,877	(\$6,224,883)	\$487,847,994	\$51,116,862	\$188,461	\$3,134,430	\$542,287,746
Special Discounts \$	(222,329)			(\$539)			\$ (222,868)
Billing Adjustment	(\$1,881,064)						(\$1,881,064)
MO TOTAL RATE REVENUE	\$491,969,483	\$ (6,224,883)	\$485,744,600	\$51,116,323	\$188,461	\$3,134,430	\$540,183,814