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Issues: Tariff Issue

Witness: William L. McDuffey
Sponsoring Party: MO PSC Staff
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

WILLIAM L. McDUFFEY

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2006-0314

Jefferson City, Missouri

August 2006

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

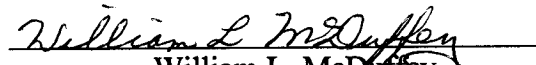
In the Matter of the Application of Kansas)
City Power & Light Company for)
Approval to Make Certain Changes in its)
Charges for Electric Service to Begin the)
Implementation of Its Regulatory Plan)

Case No. ER-2006-0314


AFFIDAVIT OF WILLIAM L. McDUFFEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

William L. McDuffey, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 11 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct 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.


William L. McDuffey

Subscribed and sworn to before me this 21st day of August, 2006.


Notary Public

My commission expires September 11, 2006

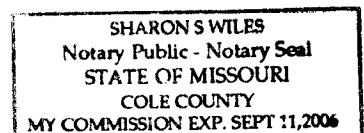


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WILLIAM L. McDUFFEY

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CASE NO. ER-2006-0314

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DIRECT TESTIMONY

OF

WILLIAM L. MCDUFFEY

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2006-0314

Q. Please state your name and business address.

A. William “Mack” L. McDuffey, 200 Madison Street, Jefferson City, Missouri

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

A. I am employed by the Missouri Public Service Commission (Commission) as a Rate & Tariff Examiner in the Energy Department of the Utility Operations Division.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since October, 1978.

Q. Have you previously testified before this Commission?

A. Yes, I have filed expert testimony in seventeen cases as shown on Schedule 1. In addition, I have been responsible for preparing Staff recommendations in memorandum form in numerous tariff filings and tariff cases.

Q. Please summarize your direct testimony in this case.

A. In my direct testimony I address Kansas City Power & Light Company's ("KCPL" or "Company") proposals to change the Interest on Deposit, addition of a Return Check Charge to its tariff, modification of its Extension Policy and Miscellaneous Tariff Issues that are applicable to the electric operations of KCPL.

Q. Please describe your experience, education and qualifications.

1 33.050) and has previously been approved by the Commission for all the other regulated
2 electric companies and some of the regulated gas companies at this time. Implementing the
3 Company's proposed rate will complete the efforts of the Commission to get all the electric
4 utilities of the Commission to have the interest on deposit set at the prime rate plus one
5 percent.

6 **RETURN CHECK CHARGE**

7 Q. Please describe the Company's proposed Return Check Charge.

8 A. The Company proposes to add a return check charge to its tariff with a charge
9 not to exceed thirty dollars (\$30) when a Customer's check is returned due to insufficient
10 funds. (Tariff Sheet No. 1.28)

11 Q. What is the Staff's position relating to this tariff proposal?

12 A. The Staff doesn't object to the Company's proposal of adding a return check
13 charge to its tariff with a maximum charge of thirty dollars (\$30). Staff's investigation has
14 revealed that the banking institutions are charging businesses up to \$30 for a check having
15 insufficient funds.

16 **EXTENSION POLICY**

17 Q. What is meant by Extension Policy?

18 A. It is KCPL's policy to supply electric service to a customer's premise not
19 adjacent to the Company's existing distribution facilities which are adequate and suitable to
20 the characteristics for the electric service required by the customer.

21 Q. Please describe the Company's proposed changes to its extension policy.

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1 A. The Company proposes changing the following three items: 1) change the
2 current free extension length, 2) change the excess extension charge payment, and 3) adding
3 an "Excess Facilities Request." (Tariff Sheet Nos. 1.31 and 1.32)

4 Q. Please describe the Company's proposed change to the free extension length.

5 A. The Company's free extension length has changed with this proposal from the
6 present extension distance of a quarter of a mile on public property plus 210 feet on customer
7 property to a total free extension of a quarter of a mile. This includes the extension length on
8 both public and customer properties.

9 Q. What is Staff's position relating to this tariff proposal?

10 A. The Staff is in agreement with this proposal. Customers benefit because they
11 may get additional power line extensions at no additional cost if the customer's property is
12 less than a quarter of a mile from the starting point of the company's extension. The
13 Company will benefit because it will no longer build out the first 210 feet on a customer's
14 property at no cost to the customer if the line extension is more than a quarter of a mile from
15 the starting point.

16 Q. Please describe the Company's proposed change to the excess extension
17 charge payment.

18 A. The Company's present payment plan has the Customer pay one and one-half
19 percent (1½%) of the construction cost a month in excess of the total current free extensions
20 until the construction cost is fully paid for. The proposed payment plan has the Customer pay
21 the total construction cost in equal installments over sixty (60) consecutive bills. Both the
22 current and proposed payment plans are paid by a monthly charge.

23 Q. What is Staff's position relating to this tariff proposal?

1 A. The present payment plan is billed at one and one-half percent (1½%) of the
2 construction cost which equates to a monthly payment for sixty-six months. The proposed
3 payment plan would be billed in equal installments over sixty (60) consecutive bills or
4 months. The Company's proposal will decrease by six (6) months the customers allowed
5 time to pay. The Staff disagrees with the proposed reduction in the payment period and
6 recommends the Company's current tariff pertaining to this issue remain unchanged.

7 Q. Please describe the Company's proposed adding of the section titled "Excess
8 Facilities Request".

9 A. The Company is requesting a change in the Extension Policy section that
10 detail the charges where the Company agrees to provide facilities at the Customer's request
11 that are beyond the Company's line extension standard used for providing electric service.

12 Q. Please quote the Company's proposed Excess Facilities Request.

13 A. In those instances where Company chooses to provide facilities at
14 Applicant's request in variance with the Line Extension Standards,
15 Applicant shall be required to pay Company for the cost of such
16 facilities including appropriate carrying charges, cost of insurance,
17 replacement (or cost of removal), license and fees, taxes, operation
18 and maintenance, and appropriate allocable administrative and
19 general expenses associated with such transmission, substation
20 and or distribution facilities. Specific Terms and Conditions shall
21 be mutually agreed upon between Company and Customer.

22
23 This is an addition to the extension policy to clarify to the Customer and Company
24 representatives the charges that the Customer is responsible for, and are specified in the
25 mutually agreed upon terms and conditions between the Company and Customer.

26 Q. What is Staff's position relating to this tariff proposal?

1 A. The Staff is in agreement with this added language to the extension policy
2 because the specific terms and conditions for excess facilities to be installed by the Company
3 are explained and the total charges the Customer is responsible for is clearly defined.

4 **MISCELLANEOUS TARIFF ISSUES**

5 Q. What miscellaneous tariff issues will you address?

6 A. I will address the following miscellaneous tariff issues:

- 7 1. Definitions – Tariff Sheet Nos. 107, 107a.
- 8 2. Seasonal – Tariff Sheet No. 108
- 9 3. Liability of Company – Tariff Sheet No. 1.11
- 10 4. Payment method – Tariff Sheet No. 1.26
- 11 5. Other Permanent Extensions– Tariff Sheet No. 1.32
- 12 6. Vacant with Usage – Not tariffed

13 **Definitions – Tariff Sheet Nos. 107, 107a**

14 Q. Please describe the definitions added to the Rules section.

15 A. The Company is proposing to add the following ten (10) words/terms: (1)
16 Adult, (2) Billing Error, (3) Field Error, (4) Fraud, (5) Individual Liability, (6) Meter Error,
17 (7) Responsible Party, (8) Tampering, (9) Time of Application, and (10) Unauthorized Use.

18 Q. Why is the Company proposing to add these definitions?

19 A. The Company is seeking to clarify certain word and terms that have needed an
20 explanation in the application of its rules in the past when conducting business with its
21 Customers.

22 Q. What is the Staff's position relating to this tariff proposal?

23 A. The Staff has no objection to adding these definitions.

Seasonal – Tariff Sheet No. 108

Q. Please describe the proposed removal of the “Seasonal” reference on Tariff Sheet No. 108.

A. The Company presently has a section titled “Temporary and Seasonal Electric Service” which supports electric service for a partial year. KCPL no longer provides seasonal rates for customers such as Amusement Parks, Baseball Fields, and Christmas Tree Lots, etc. due to rate changes that were made in 1996. The Company is proposing to change the section to read “Temporary Electric Service” that will only provide service for carnivals, fairs and circuses, construction purposes and other temporary or transient businesses.

Q. What is the Staff's position relating to this tariff proposal?

A. The Staff is in agreement with the removal of the “Seasonal” reference. This conditional word should be removed because it is no longer valid.

Liability of Company – Tariff Sheet No. 1.11

Q. Please describe changing the location of “Liability of Company”.

A. “Continuity of Service” is presently found on Tariff Sheet No. 1.11 and “Liability of Company” is presently found on Tariff Sheet No. 1.14. Both terms contain identical language, so the two terms would be consolidated on Tariff Sheet No. 1.11. The current tariff language for these two terms are quoted below for clarification:

CONTINUITY OF SERVICE: The Company will use reasonable diligence to supply continuous electric service to the Customer but does not guarantee the supply of electric service against irregularities and interruptions. Except where due to the Company's willful misconduct or gross negligence, the Company shall not be considered in default of its service agreement and shall not be liable in negligence or otherwise for any claims for loss, expense or damage (including indirect, economic, special

1 or consequential damage) on account of fluctuations, interruptions
2 in, or curtailment of electric service, or for any delivery delay,
3 breakdown, or failure of or damage to facilities, an electric
4 disturbance originating on or transmitted through electric systems
5 with which the Company's system is interconnected, act of God or
6 public enemy, strike, or other labor disturbance involving the
7 Company or the
8 Customer, civil, military or governmental authority.
9

10 LIABILITY OF COMPANY: The Company will use reasonable
11 diligence to supply continuous electric service to the Customer but
12 does not guarantee the supply of electric service against
13 irregularities and interruptions . Except where due to the
14 Company's willful misconduct or gross negligence, the Company
15 shall not be considered in default of its service agreement and
16 shall not be liable in negligence or otherwise for any claims for
17 loss, expense or damage (including indirect, economic, special or
18 consequential damage) on account of fluctuations, interruptions in,
19 or curtailment of electric service, or for any delivery delay,
20 breakdown, or failure of or damage to facilities, an electric
21 disturbance originating on or transmitted through electric systems
22 with which the Company's system is interconnected, act of God or
23 public enemy, strike, or other labor disturbance involving the
24 Company or the Customer, civil, military or governmental
25 authority .
26

27 Q. What is the Staff's position relating to this tariff proposal?

28 A. The Staff is in agreement with the removal of the tariff language on Sheet 1.14
29 and re-titling Sheet 1.11 to "Continuity of Service and Liability of Company". This
30 consolidates tariff language that is duplicative in nature.

31 **Payment method – Tariff Sheet No. 1.26**

32 Q. Please describe the meaning of "payment method" as it relates to this case.

33 A. The Company is proposing to implement the use of credit and debit cards as a
34 means of payment for residential Customers with no associated fee charged to the Customer.
35 The Company has received an increasing number of requests for card payment. Using debit
36 or credit cards may enable customers to pay more regularly or more quickly and allow them

1 to draw on additional resources to pay. As a result, such payment arrangements could
2 prevent cut-off for non-payment or allow customers to re-establish service sooner. The
3 Company's proposed language to define the payment of bills for residential service may be
4 paid by means of check, cash, credit or debit card and is stated below:

5 Bills for electric service may be paid in cash or check.
6 Additionally residential service customers may also pay by
7 approved credit and debit cards.
8

9 Q. What is the Staff's position relating to this tariff proposal?

10 A. The Staff does not object to adding these payment methods. Staff believes
11 that allowing multiple options at no additional cost to the customer provides the best means
12 of paying for service in a faster and more convenient way.

13 **Other Permanent Extensions – Tariff Sheet No. 1.32**

14 Q. Please describe the meaning of "Permanent" as it relates to this tariff
15 provision.

16 A. The Company is proposing to add "Permanent" to the title "Other Extensions"
17 to read "Other Permanent Extensions." This section of the tariff applies to applications for
18 extensions for "other than an overhead single-phase extension for residential or rural
19 residential electric service". Adding the word "Permanent" in the title removes the
20 possibility of a Customer applying the use of this section for temporary service

21 Q. What is the Staff's position relating to this tariff proposal?

22 A. The Staff is in agreement with adding "Permanent" to the title. This is to
23 clarify and insure that this section is not intended to be used for temporary service.

24 **Vacant with Usage – Not tariffed**

25 Q. Please describe the meaning of "vacant with usage" as applied to KCPL.

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1 A. Vacant with usage is electric service registered on an active/operable meter
2 with no customer of record by KCPL. This has become a larger issue than expected as
3 numerous incidents have recently been discovered by KCPL's investigation for incidences
4 where a customer left and requested a disconnection and due to resource or other constraints,
5 the Company did a "soft disconnect." When a soft disconnect takes place, the Company does
6 not actually turn off the service to the meter. In some of these cases, there has continued to
7 be some usage at these vacant dwellings and buildings.

8 Q. What action has KCPL taken to receive payment for the usage without a
9 customer?

10 A. It is Staff's understanding that KCPL has been billing the building owners, the
11 landlords or the occupants that request a connection at the dwelling or building.

12 Q. How did the Commission Staff become aware of the "vacant with usage"
13 issues?

14 A. The Commission's Consumer Services Department received an informal
15 complaint from a landlord who received a bill for electric usage for a dwelling without an
16 occupant.

17 Q. What is the Commission Staff's position?

18 A. It is the Staff's position that the Company should remove all charges to the
19 customer's account. The Company should not bill the landlord, management company or the
20 current owner for the usage of the building or dwelling when the previous customer requested
21 a disconnect and the Company responded with a "soft disconnect." The Commission Staff
22 concluded that if KCPL does not have a customer of record and has failed to follow through
23 with investigating and establishing a customer of record and fails to cut of service, then it

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1 should not bill for the usage that continues after a “soft disconnect.” The Company
2 knowingly allowed consumption to continue and the Company is responsible for any lost
3 revenue. In addition, the Commission Staff suggests that on a going forward basis, KCPL
4 should have a landlord agreement allowing the usage, after the termination of a customer, to
5 be billed to responsible party or KCPL should complete a “hard disconnect” of service.

6 **REVENUE REQUIREMENT IMPACT**

7 Q. Will the implementation of these tariff recommendations have any effect on
8 Staff’s revenue requirement recommendation?

9 A. No.

10 Q. Does this conclude your direct testimony?

11 A. Yes, it does.

PREVIOUS TESTIMONY OF

William L. McDuffey

Case No. ER-2006-0314

<u>CASE NUMBER</u>	<u>TYPE OF FILING</u>	<u>COMPANY</u>
ER-80-120	Direct	The Empire District Electric Company
ER-80-313	Direct	Missouri Edison Company
ER-82-180 HR-82-179	Direct	Missouri Power & Light Company
ER-83-20	Direct	Sho-Me Power Corporation
ER-83-80	Direct	Sho-Me Power Corporation
EA-86-144	Territory	The Empire District Electric Company
EA-87-85 EA-87-123	Direct	Consolidated Electric Service Company Union Electric Company
EC-87-148	Direct	Howard Electric Cooperative vs. Union Electric Company
EC-96-38	Rebuttal	Union Electric Company
ET-98-110	Direct, Rebuttal	Union Electric Company
ET-99-126	Surrebuttal	Missouri Public Service
ER-99-247 EC-98-573	Direct, Surrebuttal	St. Joseph Light & Power Company
ER-2001-299	Direct	The Empire District Electric Company
ER-2001-672	Direct	UtiliCorp United, Inc. d/b/a Missouri Public Service
ER-2004-0034 HR-2004-0024	Direct, Rebuttal, Surrebuttal	Aquila, Inc. d/b/a Aquila Networks L&P and Aquila Networks MPS
ER-2004-0570	Direct, Surrebuttal	The Empire District Electric Company
ER-2006-0315	Direct	The Empire District Electric Company