

Exhibit No.:
Issues: Class Cost-of-Service
Rate Design
Witness: Michael Scheperle
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2009-0089
Date Testimony Prepared: April 7, 2009

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

MICHAEL SCHEPERLE

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2009-0089

Jefferson City, Missouri

April 2009

**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 Continue)
the Implementation of Its Regulatory Plan)

Case No. ER-2009-0089

AFFIDAVIT OF MICHAEL SCHEPERLE


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael Scheperle, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 4 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal 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.



MICHAEL SCHEPERLE

Subscribed and sworn to before me this 6th day of April, 2009.



Notary Public

1
2
3
4
5
6
7
8
9
10

TABLE OF CONTENTS
SURREBUTTAL TESTIMONY
OF
MICHAEL SCHEPERLE
KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2009-0089

Executive Summary 1

Rate Design – Staff Proposed General Service Intraclass Revenue Shifts 2

Response to Tim Rush (KCPL)..... 3

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL SCHEPERLE**

4 **KANSAS CITY POWER & LIGHT COMPANY**

5 **CASE NO. ER-2009-0089**

6 Q. Please state your name and business address.

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

9 Q. Who is your employer and what is your present position?

10 A. I am employed by the Missouri Public Service Commission (Commission) as a
11 Regulatory Economist, Economic Analysis, Energy Department, Utility Operations Division.

12 Q. Are you the same Michael Scheperle that prefiled direct and rebuttal testimony
13 in this case?

14 A. Yes.

15 **Executive Summary**

16 Q. What is the purpose of your testimony?

17 A. The purpose of this testimony is to respond to the rebuttal testimony of Tim
18 Rush representing Kansas City Power & Light Company (KCPL) regarding Staff's proposed
19 intraclass revenue recommendations. It appears that KCPL generally supports, or does not
20 oppose, some of the Staff's General Service intraclass recommendations, while opposing
21 other Staff recommendations. Specifically, KCPL generally supports the Staff's
22 recommendations that: (1) an additional 5% increase for all of the General Service Classes'
23 separately-metered space heating provisions be applied prior to any increase in revenue

1 requirement; (2) that separately-metered space heating customers that switch to the non-
2 heating rate no longer be charged for the additional meter; and (3) the elimination of those
3 frozen General Service All-Electric and separately-metered space heating rate schedules
4 where no customers are currently served. KCPL opposes Staff's recommendation that an
5 additional 10% increase for all of the General Service (Small, Medium, and Large) all-electric
6 winter season energy rates be applied prior to any increase in revenue requirement. Based on
7 Staff's understanding of KCPL's concern, Staff is willing to slightly modify its
8 recommendation on the additional 10% increase for the Small General Service all-electric rate
9 tariff, whereby, certain winter energy rate components would not receive the additional 10%
10 increase.

11 **Rate Design – Staff Proposed General Service Intraclass Revenue Shifts**

12 Q. What are Staff's recommendations for intraclass revenue shifts?

13 A. To speed up the phase-out of the General Service All-Electric and separately-
14 metered space heating rates, Staff recommends:

15 (1) An additional 5% increase for all of the General Service Classes' separately-
16 metered space heating provisions;

17 (2) Separately-metered space heating customers that switch to the non-heating rate no
18 longer be charged for the additional meter;

19 (3) Elimination of those frozen General Service All-Electric and separately-metered
20 space heating rate schedules where no customers are currently served; and

21 (4) An additional 10% increase for all of the General Service (Small, Medium and
22 Large) all-electric winter season energy rates.

Surrebuttal Testimony of
Michael Scheperle

1 Q. What is Staff's understanding of KCPL's position concerning Staff's
2 recommendations?

3 A. Staff's understanding is that KCPL generally supports items 1, 2 and 3, but
4 opposes item 4. KCPL believes the additional 10% increase for all of the General Service
5 All-Electric winter season energy rates are extreme and unwarranted.

6 **Response to Tim Rush (KCPL)**

7 Q. What is your understanding of KCPL's opposition to the additional 10%
8 increase for all of the General Service All-Electric winter season energy rates?

9 A. Based on my understanding, KCPL's primary concern is that the additional
10 10% increase in some of the winter energy rate components will result in those components
11 exceeding the corresponding rate components of the non-all electric rates (p. 3, Tim Rush,
12 Rebuttal Testimony). Staff would agree with part of this concern by KCPL. However, most
13 corresponding winter energy All-Electric rate components are 16% to 24% below the non-all
14 electric winter rates.

15 Schedule MS-1 (attached) is an outline of current winter season energy rates for the
16 General Service (Small, Medium and Large) rate schedules versus the General Service All-
17 Electric rate components. Schedule 1 illustrates the current rate disparity between the General
18 Service winter season energy rates and the corresponding General Service All-Electric winter
19 season energy rate components. For example, Schedule 1 shows the rate disparity for the
20 Medium General Service at Secondary voltage are between 17.2% to 24.3% less for the All-
21 Electric rate components versus the non-all electric rate components.

22 Staff recognizes that for the Small General Service schedules, the second winter
23 energy block rate component (next 180 hours use per month) is only 1.9% higher than the

Surrebuttal Testimony of
Michael Scheperle

1 corresponding all-electric rate component, and the third energy block rate component (over
2 360 hours use per month) is approximately 3.5% less than the corresponding all-electric rate
3 component. Staff would support limiting the increase to the second winter energy block of
4 the Small General Service rate, so as not to exceed the corresponding rate component of the
5 non-all electric rates, and no revenue-neutral increase to the third winter energy block of the
6 Small General Service rate. Staff still supports its recommendation for all other all-electric
7 winter energy rate blocks being increased by an additional 10%, since the winter season
8 energy rates range from 16.4% to 24.3% lower than the corresponding non-all electric rate
9 components. Staff believes that the additional 10% increase is a necessary step forward in
10 eliminating the disparity in the General Service All-Electric rate schedules and in eventually
11 eliminating the General Service All-Electric rate schedules.

12 Q. Does this conclude your surrebuttal testimony?

13 A. Yes, it does.

Kansas City Power & Light Company
Case No. ER-2009-0089
Rate Design Comparisons - Winter Season Energy Block Rates

Description of Rate Components	Small General Service - Rate for Service at Secondary Voltage (Sheet 9A)	Small General Service - All Electric (Frozen) at Secondary Voltage (Sheet 17A)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.09115	\$0.07212	\$0.01903	20.9%
Next 180 Hours Use per month	\$0.04451	\$0.04366	\$0.00085	1.9%
Over 360 Hours Use per month	\$0.04016	\$0.04158	-\$0.00142	-3.5%

Description of Rate Components	Small General Service - Rate for Service at Primary Voltage (Sheet 9B)	Small General Service - All Electric (Frozen) at Primary Voltage (Sheet 17A)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.08907	\$0.07047	\$0.01860	20.9%
Next 180 Hours Use per month	\$0.04348	\$0.04266	\$0.00082	1.9%
Over 360 Hours Use per month	\$0.03923	\$0.04063	-\$0.00140	-3.6%

Description of Rate Components	Medium General Service - Rate for Service at Secondary Voltage (Sheet 10A)	Medium General Service - All Electric (Frozen) at Secondary Voltage (Sheet 18A)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.06260	\$0.04740	\$0.01520	24.3%
Next 180 Hours Use per month	\$0.03750	\$0.02990	\$0.00760	20.3%
Over 360 Hours Use per month	\$0.03140	\$0.02600	\$0.00540	17.2%

Description of Rate Components	Medium General Service - Rate for Service at Primary Voltage (Sheet 10B)	Medium General Service - All Electric (Frozen) at Primary Voltage (Sheet 18B)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.06110	\$0.04640	\$0.01470	24.1%
Next 180 Hours Use per month	\$0.03660	\$0.02920	\$0.00740	20.2%
Over 360 Hours Use per month	\$0.03080	\$0.02550	\$0.00530	17.2%

Description of Rate Components	Large General Service - Rate for Service at Secondary Voltage (Sheet 11A)	Large General Service - All Electric (Frozen) at Secondary Voltage (Sheet 19A)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.05710	\$0.04740	\$0.00970	17.0%
Next 180 Hours Use per month	\$0.03640	\$0.02990	\$0.00650	17.9%
Over 360 Hours Use per month	\$0.03110	\$0.02600	\$0.00510	16.4%

Description of Rate Components	Large General Service - Rate for Service at Primary Voltage (Sheet 11B)	Large General Service - All Electric (Frozen) at Primary Voltage (Sheet 19B)	Difference	Percent Difference
Energy Charge - Winter				
First 180 Hours Use per month	\$0.05580	\$0.04640	\$0.00940	16.8%
Next 180 Hours Use per month	\$0.03560	\$0.02920	\$0.00630	17.7%
Over 360 Hours Use per month	\$0.03050	\$0.02550	\$0.00500	16.4%