Exhibit No.: Issue(s): Witness: Sponsoring Party: MoPSC Staff *Type of Exhibit: Rebuttal Testimony Case No.: ER-2016-0285* Date Testimony Prepared: March 10, 2017

*Revenue* Adjustment Michael L. Stahlman

## **MISSOURI PUBLIC SERVICE COMMISSION**

### **COMMISSION STAFF DIVISION**

### **TARIFF AND RATE DESIGN UNIT**

### **TRUE-UP REBUTTAL TESTIMONY**

OF

## MICHAEL L. STAHLMAN

### **KANSAS CITY POWER & LIGHT COMPANY**

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

Jefferson City, Missouri March 2017

1		TRUE-UP REBUTTAL TESTIMONY				
2		OF				
3		MICHAEL L. STAHLMAN				
4		<b>KANSAS CITY POWER &amp; LIGHT COMPANY</b>				
5		CASE NO. ER-2016-0285				
6	Q.	Please state your name and business address.				
7	А.	My name is Michael L. Stahlman, and my business address is P.O. Box 360,				
8	200 Madison Street, Jefferson City, Missouri 65102.					
9	Q.	By whom are you employed and in what capacity?				
10	А.	I am employed by the Missouri Public Service Commission ("Commission")				
11	as a Regulatory Economist III of the Tariff and Rate Design Unit of the Operation Analysis					
12	Department, the Commission Staff Division.					
13	Q.	Are you the same Michael L. Stahlman who has previously filed rebuttal,				
14	surrebuttal, true-up direct testimony, and portions of Staff's Revenue Requirement Cost					
15	of Service Report in this case?					
16	А.	Yes.				
17	Q.	What is the purpose of your true-up testimony?				
18	А.	The purpose of my testimony is to address portions of the True-up				
19	Direct Testimony of Ronald A. Klote.					
20	Q.	Mr. Klote states that Kansas City Power & Light Company ("KCPL" or				
21	"Company"	) used Staff's sales revenue amounts included in Staff's EMS run provided				
22	to the Com	pany on February 24, 2017 as the Company's true-up revenue with the				
23	addition of	the Company's MEEIA Cycle 1 adjustment as calculated in Tim Rush's				

# rebuttal testimony.<sup>1</sup> Were true-up billing determinants developed to reflect KCPL's true-up sales revenue including the MEEIA Cycle 1 change in kilowatt hour ("kWh")?

A. No. Staff's true-up sales revenue is developed from true-up billing determinants, however, KCPL calculated the value of MEEIA Cycle 1 by using the Margin rates from the tariff and has not actually decreased true-up billing determinants to reflect any change in revenue.

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# Q. If KCPL had updated billing determinants to reflect the decrease in kWh from MEEIA Cycle 1 would the value of the adjustment be different?

A. Yes. The margin rates listed in the tariff are calculated using scenarios of changes in kWh, and are not specifically calculated for the exact change in kWh that the MEEIA Cycle 1 annualization resulted in. Also the margin rates are used to value the throughput disincentive and not the annualization.

Q. Mr. Klote also states that he received notification on March 1, 2017 of a change from Staff's revenue position provided on February 24, 2017.<sup>2</sup> Was there a change in Staff's revenue calculations from February 24, 2017 to March 1, 2017?

A. Yes. Staff provided the Company an EMS run on February 24, 2017, as part
of settlement negotiations. Staff identified a formula error while conducting its final review
prior to filing on March 1, 2017, and notified KCPL shortly thereafter.

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Q. Have there been further changes to Staff's revenue position since filing true-up testimony?

<sup>&</sup>lt;sup>1</sup> True-up Direct Testimony of Ronald A. Klote, p. 4 ll. 5-8.

<sup>&</sup>lt;sup>2</sup> True-up Direct Testimony of Ronald A. Klote, p 9, ll. 1-8.

# True-Up Rebuttal Testimony of Michael L. Stahlman

- A. Yes. In response to inquiries from KCPL, Staff has made some additional
   adjustments, the most significant of which affected the Large Power and Large General
   Service classes.
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  - -
- Q. Will this change the numbers provided in your True-Up Direct Testimony?
- 6 A. Yes. The tables below incorporate those changes from my true-up direct to

Staff's current position.

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Table	1		Table 2	Table 2		
	True-Up Pre- MEEIA Cycle 2	Change from ER- 2014-0370 True- Up Direct		Cycle 2 Adjustment	True-Up Post MEEIA Cycle 2 Adjustment	
Residential	2,582,959,915	(49,646,318)	Residential	(12,250,320)	2,570,709,595	
Small GS	423,987,280	6,401,414	Small GS	(3,757,780)	420,229,500	
Medium GS	1,187,679,674	73,937,197	Medium GS	(4,548,725)	1,183,130,949	
Large GS	2,183,968,130	(13,142,371)	Large GS	(9,311,088)	2,174,657,042	
Large Powe	1,978,273,335	(134,110,919)	Large Power	(26,500)	1,978,246,835	
Lighting	85,125,176	(861,375)	Lighting	-	85,125,176	

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Table 1 reflects the changes in kWh from the level of true-up kWh from KCPL's last
rate case ER-2014-0370 to this case prior to making an adjustment for MEEIA Cycle 2 kWh.
Table 2 reflects the change kWh due to MEEIA Cycle 2 per class and the resulting kWh per
class.

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### Will this change also alter numbers provided by other Staff witnesses?

A. Yes. These numbers serve as an input to Staff's fuel model and jurisdictional
energy allocation factors. Staff witness Alan Bax addresses the updated energy allocation
factor in is true-rebuttal testimony and Staff witness Ashley Sarver addresses changes in the
FAC base factor due to these changes.

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### Q. Does that conclude your testimony?

A. Yes, it does.

Q.

### **BEFORE THE PUBLIC SERVICE COMMISSION**

### **OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light ) Request for Authority Company's to) Implement A General Rate Increase for ) **Electric Service** 

Case No. ER-2016-0285

### **AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI	)	
	)	SS.
COUNTY OF COLE	)	

COMES NOW MICAEL L. STAHLMAN, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing True-Up Rebuttal 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  $10^{4/1}$  day of March, 2017.

JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434

Jessica Justbert Notary Public