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Filed Date: 06/18/2015
State Corporation Commission
of Kansas

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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| In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in Its Charges for Electric Service. | ) ) ) ) | Docket No. 15-KCPE-116-RTS |

**RESPONSE AND MOTION TO TAKE ADMINISTRATIVE OR OFFICIAL NOTICE OF CERTAIN RECORDS AND DOCUMENTS**

On June 17, 2015, Atmos Energy filed its motion requesting the Kansas Corporation Commission (Commission) take administrative or official notice of certain documents from the Commission's records in Docket No. 10-KCPE-415-RTS (415 docket), for the purpose of addressing in the current docket the non-settled rate design issue related to reinstating the former discount provided to the all-electric customers of Kansas City Power & Light.

The Citizens Utility Ratepayer Board (CURB) does not object to the Commission taking administrative or official notice of the documents referenced in the Atmos Energy Motion. However, CURB does not believe that the documents referenced by Atmos fully convey the evidence and party positions argued and decided by the Commission in that docket. To provide a more complete picture of the arguments and evidence before the Commission in the 415 docket, pursuant to K.A.R. 82-1-230(h) and K.S.A. 77-524(f)(2), CURB requests the Commission take administrative or official notice of the following additional records and documents from the Commission's records:

1. Direct Testimony (pages 16-35 dealing with rate design) and Exhibits of Dr. Robert H Glass on behalf of the Commission Staff.

2. Rebuttal Testimony of Tim M. Rush on behalf of Kansas City Power & Light.

Copies of the above-referenced records and documents are attached to the Response and Motion for

the convenience of the Commission and the parties.

Respectfully submitted,

David Springe, Consumer Counsel #15619
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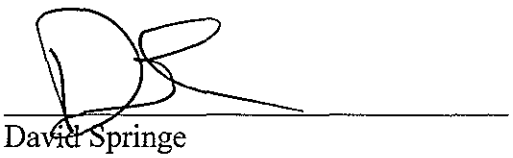
## VERIFICATION

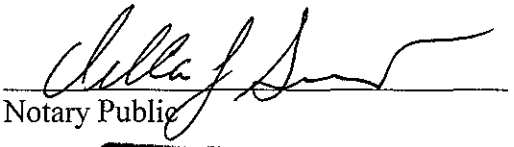
STATE OF KANSAS )
) ss:
COUNTY OF SHAWNEE )

I, David Springe, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



David Springe

SUBSCRIBED AND SWORN to before me this 18th day of June, 2015.



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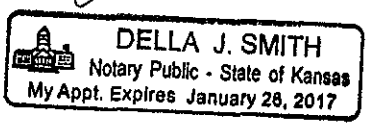


My Commission expires: 01-26-2017.

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Kansas Corporation Commission
/S/ Susan K. Duffy

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|---|---|---|
| In the Matter of the Application of<br>Kansas City Power & Light Company<br>For Approval To Make Certain Changes<br>in its Charges for Electric Service to Continue<br>the Implementation of its Regulatory Plan. | )<br>)<br>)<br>)<br>) | Docket No. 10-KCPE-415-RTS |

STATE CORPORATION COMMISSION

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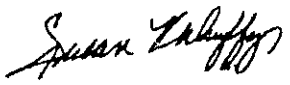

# DIRECT TESTIMONY

PREPARED BY

DR. ROBERT H. GLASS

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

## Staff's Approach to Rate Design

**Q. Is Staff's rate design for this docket a radical change from Staff's usual proposals for rate design?**

A. It is a change but it is not a radical change. Staff's current position was foreshadowed in the previous KCPL rate case. Sonya Cushinberry's testimony in Docket No. 09-KCPE-246-RTS contained references to both the Governor and the Commission's concern that the then-existing rate design was not encouraging energy efficiency and conservation. Instead, the incentives produced by the rate design encouraged the use of more electricity with declining block rates and discounts for electric water heating and space heating. In her Cross-Answering Testimony, Cushinberry rejected the CURB rate design proposal as too aggressive, however she did state:

> Staff does agree that designing rates that send a proper price signal to customers is extremely important. Staff recognizes that the Company's current rate design structure is not consistent with promoting conservation or energy efficiency. If the Commission finds that promoting conservation and energy efficiency is a worthy goal of rate design, Staff believes that Applicant's residential and small general service rates could be redesigned to gradually move toward that goal in this docket.[5]

**Q. Why is Staff now seeking these changes to the rate design?**

A. Because of Staff's recommendations for the decline in the revenue requirement, Staff views this rate case as a rare opportunity to make significant changes in rate design while impacting the electric bills of most customers to a lesser extent than these same changes would have had otherwise.

[5] Cross-Answering Testimony, February 12, 2009, p. 3.

**Q. What criteria did Staff use in establishing its rate design?**

A. There are lists of multiple factors that need be taken into account when designing a rate structure. In this case Staff is of the opinion that there are four factors which are important:

- Fair Cost Apportionment
- Energy Efficiency and Energy Conservation
- Gradualism
- Economic Development

**Q. Would you please explain each of these criteria and how they relate to this rate case?**

A. Yes. I will begin with fair cost apportionment.

**Fair Cost Apportionment**

Fair cost apportionment means that each rate class should have its rates based on its costs – this is an implication of the cost causation principal of class cost of service (CCOS). This concept is implemented in rate design by equalizing the rates of return for all the different classes. If a rate of return for a customer class is higher than average, then during the test year that class provided more net income on the rate base assigned to it than the company average. If the rate of return for a particular class is less than the average, then that class is not generating enough net income given the rate base assigned to it. The general principal is that that those customer classes with higher than average rates of return are subsidizing those customer classes with lower than average rates of return. Thus, the implication is if the rate of return is higher than average, that customer class should receive a rate reduction

while if the rate of return for a customer class is lower than average, that customer class should have a rate increase.

Below is a table from Staff Witness Michael Mount's testimony comparing rates of return by customer class from both his class and KCPL's cost of service studies.[6]

**TABLE 1**
**Rates of Return by Customer Class**

| Customer Class | Rate of Return by Class | |
|---|---|---|
| | Staff | KCPL |
| Residential | 8.13% | 7.74% |
| Small General Service | 14.48% | 12.07% |
| Medium General Service | 11.06% | 8.76% |
| Large General Service | 7.57% | 5.69% |
| Large Power Service | 4.15% | 1.77% |
| Off-Peak Lighting | 14.05% | 18.26% |
| Other Lighting | 12.46% | 4.21% |
| Kansas Jurisdictional System Rate of Return | 8.55% | 7.31% |

This table shows that Small General Service, Medium General Service, and Off-Peak Lighting Classes all have a rate of return higher than the system average no matter which of the two CCOS is used. In the opposite direction, Large General Service and Large Power Service have lower than average rates of return with either CCOS.

**Energy Efficiency and Energy Conservation**

Energy efficiency and energy conservation have traditionally been used to describe two different types of phenomenon. Energy conservation refers to a simple reduction in the

[6] Mount, Direct Testimony, p. 8.

use of energy while energy efficiency refers to a reduction in the use of energy without a reduction in individual welfare or comfort. Rate design can be used to achieve energy conservation. That is, consumers may perceive a difference in comfort level when responding to this rate design. It is not the purpose of either energy efficiency or energy conservation to punish users of electricity. Instead the idea is to design rates such that the consumer pays the full cost of the electricity that is used. Because historically rate design was implemented to achieve goals other than the efficient use of energy, the new rate design may cause consumers to feel as if they must make changes to behavior that make them less comfortable. However, these consumers can make energy efficiency improvements to their residences or businesses that will permit them to maintain a level of comfort despite the rate design change.

The Commission's policy is to encourage energy efficiency and energy conservation.[7] In concrete terms this means increasing the price a customer pays for electricity as their usage of electricity increases. The justification for the economic value of energy conservation is the increased expense of new generation. By reducing usage or reducing the rate of increase in usage, the rate design can put off into the future the building of new generation capacity. Environmental reasons have also been put forward

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[7] KCC Chairman Thomas Wright has stated: "Secondly, it's obvious that this is a case where we have discounted rates for electric water heaters, discounted rates for all-electric homes. We have declining block rates in residential classes. We have declining block rates in commercial classes. And everything that is included in that record so far seems to run contrary to the notion of our policy, which we have announced and tried to promote, of energy efficiency or conservation of energy." ***Transcript of proceedings of the Public Evidentiary Hearing for Docket No. 10-EPDE-314-RTS***, page 6.

for energy conservation. The effect of combining the economic and the environmental rationales for energy conservation suggests that electricity should be priced based on its cost rather than end use.

KCPL has numerous declining block rates, meaning as usage of electricity increases the price of electricity declines. For example, there are several in the Residential Class, all of the Small General Service sub-classes have declining block rates in both the winter and summer, and most of the Medium General Service sub-classes have declining block rates. In addition, KCPL provides discounts for those who have space heating. In the Residential Class there are two sub-classes with two meters; the second meter is for space heating. These two classes pay 3.758 cents per kWh for space heating in the eight winter months. Residential General Use customers during the same winter months pay 8.037 cents per kWh for the first 1000 kWhs and 8.003 cents per kWh for everything over 1000 kWhs. This type of rate structure encourages increased usage and not conservation and is based on the end use of electricity rather than its cost.

**Gradualism**

Stable rates make budgeting easier for residential customers, business customers and the electric utility itself. With stable rates the utility can more accurately forecast revenue and plan accordingly. Rate changes can have unexpected consequences. Cushinberry provides an example in her testimony in the last KCPL rate case.

> In KCP&L's last rate case, 07-KCPE-905-RTS, the LPS tariff rates were increased while the LGS tariff rates remained unchanged. As noted by Applicant, "This had the unexpected impact of breaking the relationship between the Large Power and Large General Service classes." (Direct Testimony, Brad D. Lutz, page 13, lines 15 and 16.) As a result, with the

exception of three customers, all of the LPS customers migrated to the LGS tariff.[8]

However, stability and gradualism can be different phenomenon. If rates don't change, then they are by definition stable. But the economic structure of the service area does change. And as the economy changes, the rate structure needs to adapt.

The example of the cost of Iatan II points to the expense of building new base load plants. Avoiding or putting off the cost of building a new plant can in the intermediate run reduce the cost of generation and prevent the rate shock usually associated with the introduction of a new base load plant into rate base.

The Commission faces a dilemma: stability vs. adaptability. If the rate structure is kept stable then customers and the utility can more easily budget for the present and short-run customer rate shock is avoided. If the rate structure is changed to encourage energy efficiency and conservation, then some short-run uncertainty will be created for the utility and some customer rate shock will also be created. However, in the long run, if the rate structure remains unchanged, more (probably) expensive generation will have to be built and rates will have to gradually but continually be ratcheted up. If the rate structure is changed to an energy-efficient structure, then large future rate increases may be reduced or avoided.

[8] Sonya Cushinberry, Direct Testimony, Docket No. 09-KCPE-246-RTS, p. 6.

**Economic Development**

An argument used to justify discounts to large commercial and industrial users of electricity is that these companies provide jobs to other consumers and it is to the advantage of other consumers to keep these companies located where they are. Thus, customers are actually better off giving these firms discounts to stay in place and discounts to encourage new large firms to move to the KCPL area.

If these discounts really do encourage firms to stay and firms to move into the KCPL area, then those who benefit should be the ones who provide the additional revenue that allows KCPL to discount these large firm's electricity bills. In fact, one could argue that the current KCPL rate design is somewhat consistent with that argument. The big beneficiaries of having large commercial and industrial companies are not job seekers so much as small and medium size businesses. And these are exactly the groups which seem to be subsidizing the large commercial and industrial customers the most.

An argument often made by economists opposed to "sweetheart deals" for large industrial customers is that if you want to subsidize firms, then do it through tax breaks and legislative action rather than distorting prices in one sector to the detriment of the consumers who do not receive "sweetheart deals". If economic development is to be encouraged, then everyone should pay for it through taxes rather than just customers through electric rates.

Whichever argument one prefers, Staff's rate design is neutral toward the Large General Service and Large Power Service consumers. Staff's rate design does not change their rates. Because of Staff's recommendation for lowering KCPL's revenue

requirement, Staff's rate design is able to leave the rates of large customers unchanged and still move toward equalizing rates of return among classes by splitting the decline in revenue requirement among the Residential, Small General Service and Medium General Service Classes.

However, Staff's reduction in rates for both the Small General Service and Medium General Service Classes will help the small- and medium-sized firms perform better. Thus, in an indirect way, Staff's rate design does have economic development benefits for small- and medium-sized businesses.

**Q. Would you please summarize Staff's reasons for advocating the rate design it is recommending?**

A. Staff's rate design is driven by two factors: fair cost apportionment and energy efficiency and conservation. Both of these rate design criteria argue for eliminating the declining block rates and significantly reducing the special discounts for water and space heating. But Staff is restrained in its rate design by concerns of creating instability and customer rate shock. In addition, Staff has also taken into consideration the potential economic development effects of its rate design. Thus, Staff is leaving the rate structure of large customers and lighting customers unchanged. The decline in revenue requirement that Staff is recommending is being allocated among the Residential, Small General Services, and the Medium General Services Classes.

**Q. In broad terms what type of rate design structure does Staff recommend?**

A. Staff recommends relatively simple rate structures. For example, for Residential customers, Staff would support a customer charge, possibly a demand charge if the

metering technology is available, and an energy charge – in the winter a constant (flat) energy rate and in the summer an increasing block (inclining) energy rate. For commercial and industrial firms rate design naturally becomes more complex because of issues like primary and secondary voltage. Even with commercial and industrial firms, Staff would advocate simple demand and energy charges.

## KCPL's Existing Rate Structure

**Q. Please provide a description of KCPL's Residential Rate Structure.**

A. KCPL's residential rate structure is illustrated below in Table 2. KCPL has six sub-classes of residential rates: Residential rate classes A through E and Residential time of use (TOU). Residential A is the general use class and has the largest number of customers, greatest energy use, and provides the most revenue of any of the sub-classes. The number of customers, the amount of energy consumed, and the revenue generated by each sub-class is provided in Table 3 below. Residential B is general use with a discount for electric space heating. Residential C is general use with a space heating discount but has only one meter. Residential D and E have a second meter for space heating which has a discounted rate. Residential Time of Use has an off-peak and on-peak summer rate and a single winter rate. It also has the fewest number of customers, smallest energy use, and generates the least revenue.

Table 2

## KCPL's Residential Rate Structure

### Residential General Use - RES-A

| Customer Charge | | Energy Charge | 0 to 1000 kWh | 1000+ kWh |
|---|---|---|---|---|
| Per Month | $9.07 | Summer | $0.08899 | $0.08899 |
| | | Winter | $0.08037 | $0.08003 |

### Residential General Use and Water Heat-One Meter - RES-B

| Customer Charge | | Energy Charge | 0 to 1000 kWh | 1000+ kWh |
|---|---|---|---|---|
| Per Month | $9.07 | Summer | $0.08899 | $0.08899 |
| | | Winter | $0.05177 | $0.07910 |

### Residential General Use and Space Heat One Meter - RES-C

| Customer Charge | | Energy Charge | 0 to 1000 kWh | 1000+ kWh |
|---|---|---|---|---|
| Per Month | $9.07 | Summer | $0.08899 | $0.08899 |
| | | Winter | $0.05211 | $0.03908 |

### Residential General Use and Space Heat Two Meters - RES-D

| Customer Charge | | Energy Charge | 0 to 1000 kWh | 1000+ kWh | Space Heating |
|---|---|---|---|---|---|
| Per Month | $11.27 | Summer | $0.08899 | $0.08899 | $0.08899 |
| | | Winter | $0.07774 | $0.07694 | $0.03758 |

### Residential General Use and Water Heat and Separately Metered space Heat Two Meters - RES-E

| Customer Charge | | Energy Charge | 0 to 1000 kWh | 1000+ kWh | Space Heating |
|---|---|---|---|---|---|
| Per Month | $11.27 | Summer | $0.08899 | $0.08899 | $0.08899 |
| | | Winter | $0.04903 | $0.07351 | $0.03758 |

### Residential Time of Day (RTOD)

| Customer Charge | | Energy Charge | On Peak Hours | Off Peak Hours |
|---|---|---|---|---|
| Per Month | $13.25 | Summer | $0.14847 | $0.06199 |
| | | Winter | $0.06481 | $0.06481 |

**Table 3**
**KCPL Residential Sub-Classes**

| Sub-Class | Customer Count | % of Total Customer Count | KCC Weather-Normed Energy Consumption | % of Total Energy Consumption | KCC Weather-Normed Revenue | % of Total Revenue |
|---|---|---|---|---|---|---|
| RES - TOU | 61 | 0.03% | 886,788 | 0.03% | $73,653 | 0.03% |
| RES - A | 149,398 | 71.58% | 1,935,784,576 | 66.11% | $179,566,678 | 72.76% |
| RES - B | 3,740 | 1.79% | 52,520,171 | 1.79% | 4,153,776 | 1.68% |
| RES - C | 42,956 | 20.58% | 710,240,427 | 24.26% | 48,124,386 | 19.50% |
| RES - D | 1,366 | 0.65% | 19,607,742 | 0.67% | $1,477,233 | 0.60% |
| RES - E | 11,183 | 5.36% | 209,019,671 | 7.14% | $13,393,403 | 5.43% |
| **TOTAL** | **208,703** | | **2,928,059,376** | | **$246,789,130** | |

**Q. Please provide a description of KCPL's Small General Service Rate Structure.**

A. KCPL's Small General Service rate structure is easiest to understand by looking first at the rates for the different possible characteristics of the sub-classes of Small General Service. The rates for the basic characteristics are illustrated below in Table 4. KCPL has six sub-classes of Small General Service rates which are listed at the bottom of Table 5 below. The names of the sub-classes describe their basic characteristics. For example, Small General Service-Secondary Voltage-All Electric identifies a small general service customer that is taking energy at less than 12,000 volts and has an all-electric discount rate in the winter. The basic choices for the small general service customer are having either primary or secondary voltage, having a second meter for heating, or having an all-electric rate.

The sub-class with the greatest number of customers, the largest energy use, and which generates the most revenue is the Small General Service with Secondary Voltage. The two smallest sub-classes are made up of small general service customers who receive primary voltage: combined these two sub-classes represent about 0.01% of the customers in the Small General Service Class and about 0.02% of

the revenue generated by the class. Only a small percentage of customers in this rate class receive a discount of some type.

**Table 4**
**KCPL's Small General Service Rate Structure**

| Customer Charge | | Facilities Charge | |
|---|---|---|---|
| 0-24 kW | $15.59 | **Secondary Voltage** | |
| 25 kW or above | $40.77 | First 25 kW | $0.000 |
| Unmetered | $6.70 | All kW over 25 kW | $2.403 |
| Separate heat charge | $1.85 | | |
| | | **Primary Voltage** | |
| | | First 26 kW | $0.000 |
| | | All kW over 26 kW | $2.033 |

| Energy Charge ($ per kWh) | | | |
|---|---|---|---|
| **Secondary Voltage-Summer** | | **Primary Voltage-Summer** | |
| First 180 hours | $0.12256 | First 180 hours | $0.11947 |
| next 180 hours | $0.05381 | next 180 hours | $0.05232 |
| over 360 hours | $0.04809 | over 360 hours | $0.04683 |
| **Secondary Voltage-Winter** | | **Primary Voltage-Winter** | |
| First 180 hours | $0.09756 | First 180 hours | $0.09505 |
| next 180 hours | $0.04597 | next 180 hours | $0.04483 |
| over 360 hours | $0.03625 | over 360 hours | $0.03522 |
| **Secondary Separate Heat-Winter** | | **Primary All Electric-Winter** | |
| heat | $0.03625 | First 180 hours | $0.06473 |
| | | next 180 hours | $0.03922 |
| **Secondary All Electric-Winter** | | over 360 hours | $0.03396 |
| First 180 hours | $0.06632 | | |
| next 180 hours | $0.04025 | | |
| over 360 hours | $0.03488 | | |

**Table 5**
**KCPL Small General Service Sub-Classes**

| Sub-Class | Customer Count | % of Total Customer Count | KCC Weather-Normed Energy Consumption | % of Total Energy Consumption | KCC Weather-Normed Revenue | % of Total Revenue |
|---|---|---|---|---|---|---|
| SGSS | 18,440 | 87.51% | 292,118,598 | 86.91% | $29,225,892 | 88.38% |
| SGSSA | 1,091 | 5.18% | 20,790,131 | 6.19% | $1,794,225 | 5.43% |
| SGSSU | 768 | 3.65% | 11,596,043 | 3.45% | $1,021,772 | 3.09% |
| SGSSH | 768 | 3.65% | 11,596,043 | 3.45% | $1,021,772 | 3.09% |
| SGSP | 3 | 0.01% | 25,230 | 0.01% | $5,544 | 0.02% |
| SGSPA | 1 | 0.00% | 8,115 | 0.00% | $742 | 0.00% |
| **TOTAL** | **21,072** | | **336,134,159** | | **$33,069,947** | |

**Where:**

| | |
|---|---|
| **SGSS** | Small General Service-Service at Secondary Voltage |
| **SGSSA** | Small General Service-Secondary Voltage-All Electric |
| **SGSSU** | Small General Service- Secondary Voltage Unmetered |
| **SGSSH** | Small General Service- Secondary Voltage with Separate Heat Meter |
| **SGSP** | Small General Service-Service at Primary Voltage |
| **SGSPA** | Small General Service-Primary Voltage-All Electric |

**Q. Please provide a description of KCPL's Medium General Service Rate Structure.**

A. KCPL's Medium General Service rate structure, like the Small General Service rate structure, is best described by looking at the rates for the different possible characteristics of its sub-classes. The rates for the basic characteristics are illustrated below in Table 6. KCPL has four sub-classes of Medium General Service rates which are listed at the bottom of Table 7 below. The names of the sub-classes describe their basic characteristics: primary or secondary voltage, a second meter for heating, or an all-electric rate.

The sub-class with the greatest number of customers, the largest energy use, and which generates the most revenue is Medium General Service with Secondary

Voltage. The smallest sub-class consists of the medium general service customers who receive primary voltage: less than 0.1% of all customers. Again, only a small percentage of customers in this rate class receive a discount of some type.

**Table 6**
**KCPL's Medium General Service Rate Structure**

| Customer Charge | | Demand Charge | |
|---|---|---|---|
| Monthly charge | $40.71 | **Secondary Voltage** | |
| separate heat charge | $1.88 | Summer | $3.365 |
| | | Winter | $1.704 |
| **Facilities Charge** | | All Electric Summer | $3.365 |
| | | All Electric Winter | $2.339 |
| secondary | $2.405 | | |
| primary | $2.030 | **Primary Voltage** | |
| | | Summer | $3.288 |
| | | Winter | $1.666 |
| | | All Electric Summer | $3.365 |
| | | All Electric Winter | $2.339 |

| Energy Charge ($ per kWh) | | | |
|---|---|---|---|
| **Secondary Voltage-Summer** | | **Primary Voltage-Summer** | |
| First 180 hours | $0.07631 | First 180 hours | $0.07437 |
| next 180 hours | $0.04783 | next 180 hours | $0.04634 |
| over 360 hours | $0.04840 | over 360 hours | $0.04428 |
| **Secondary Voltage-Winter** | | **Primary Voltage-Winter** | |
| First 180 hours | $0.06833 | First 180 hours | $0.06672 |
| next 180 hours | $0.03835 | next 180 hours | $0.03744 |
| over 360 hours | $0.03228 | over 360 hours | $0.02943 |
| **Secondary Separate Heat-Winter** | | **Primary All Electric-Winter** | |
| | | First 180 hours | $0.03916 |
| heat | $0.03046 | next 180 hours | $0.02371 |
| | | over 360 hours | $0.02062 |
| **Secondary All Electric-Winter** | | | |
| First 180 hours | $0.04029 | | |
| next 180 hours | $0.02440 | | |
| over 360 hours | $0.02120 | | |

**Table 7**
**KCPL Medium General Service Sub-Classes**

| Sub-Class | Customer Count | % of Total Customer Count | KCC Weather-Normed Energy Consumption | % of Total Energy Consumption | KCC Weather-Normed Revenue | % of Total Revenue |
|---|---|---|---|---|---|---|
| MGSS | 41,903 | 87.81% | 631,424,279 | 83.84% | $6,589,148 | 68.03% |
| MGSSA | 4,448 | 9.32% | 100,909,316 | 13.40% | $1,794,225 | 18.52% |
| MGSSH | 1,332 | 2.79% | 20,400,406 | 2.71% | $1,251,059 | 12.92% |
| MGSP | 36 | 0.08% | 366,958 | 0.05% | $51,679 | 0.53% |
| **TOTAL** | **47,719** | | **753,100,958** | | **$9,686,111** | |

**Where:**
MGSS **Medium General Service-Service at Secondary Voltage**
MGSSA **Medium General Service-Secondary Voltage-All Electric**
MGSSH **Medium General Service- Secondary Voltage with Separate Heat Meter**
MGSP **Medium General Service-Service at Primary Voltage**

**Q. In addition to declining block rates, the discounts for water and space heating, and the complexity of KCP&L's rate structures, is there anything else that Staff would like to comment on?**

A. Staff would like to see KCPL move away from blocks defined in terms of hours of use such as the first block for the Small and Medium General Service customers is defined as the first 180 hours. Staff prefers that blocks be defined in terms of kWhs rather than hours of service.

## Staff's Rate Design

**Q. How has Staff allocated Staff's recommended revenue requirement among the different rate classes?**

A. Staff's allocation of the revenue requirement is provided in Exhibit RHG - 1. Staff began with weather-normalized class income based on the billing determinants. Then Staff allocated the $9,122,163 decline in revenue requirement recommended by Staff among three classes: Residential, Small General Service, and Medium General

Service. As explained earlier, the choice of classes to allocate the decline in revenue requirement was based on both the Staff CCOS and KCPL's CCOS. The allocation of the reduction in revenue requirement was based on energy consumption.

**Q. How did Staff's recommended decline in revenue requirement affect Staff's rate design?**

A. Because of the decline in revenue requirement, Staff was able to more aggressively reduce the declining block rates and discounts for water heating and space heating. Exhibit RHG - 2 contains Staff's rate design for the Residential Class. Exhibit RHG - 3 contains Staff's rate design for the Small General Service Class. And Exhibit RHG - 4 contains Staff rate design for the Medium General Service Class.

The large majority of customers in each class will receive a reduction in their electric bill if they continue to use the same amount of electricity as before. However, the reduction in the declining block rates, especially for the tail blocks should provide a price signal and an incentive for customers to be more energy-efficient in their use of electricity.

**Q. Would you briefly explain Staff's Residential rate design?**

A. For the Residential customer in sub-classes A through E, Staff rate design provides an increasing block rate for the summer months (June, July, August, and September). For the first 1000 kWhs of the month, the rate is 7.973 cents per kWh which is a reduction from the previous rate of 8.899 cents per kWh. The rate for the second block climbs to 9.567 cents per kWh which is a 20 percent increase over the first block. For these same customers the winter rates are flatter than before. The all-electric customers and the customers with a second meter for heating still receive

discounts, but the discounts are much less resulting in a rate increase for these customers in the second block which begins at 1000 kWhs. Additionally these customers all received slight increases in their customer charges.

The only other sub-class of Residential customers is the Time-of-Use customers. These customers have on-peak and off-peak summer rates and the standard winter rate in Staff's rate design. The Staff on-peak and off-peak rates are slightly less than the existing rates. The on-peak rate is more than double the off-peak rate.

**Q. Would you briefly explain Staff's Small General Service rate design?**

A. Because the Small General Service rate structure is more complex than the Residential rate structure, I will only outline the rate design. The customer charge for the first 24 kW based on Facilities Demand was increased as was the Facilities Charge for Secondary Voltage customers. The customer charge for the unmetered class was also increased.

The severe declining block rates for the summer season were reduced from a more than 50 percent drop from the first block to the second block to only a 20 percent drop in block rates. The rate for the third block is the same as the rate for the second block. For all customer sub-classes except the primary voltage group, average summer rates dropped slightly.

The existing winter rate structure also has severe declining block rates. Staff's recommendation for most sub-classes is a 20 percent drop from the first block to the second block. However, to lessen the burden on Small General Service firms with a second meter for space heating, Staff recommends a 30 percent drop from the

first block to the second block. As with the summer rate design, all third block rates are the same as second block rates.

**Q. Would you briefly explain Staff's Medium General Service rate design?**

A. The Medium General Service rate structure is made more complex by the addition of a seasonal Demand Charge – a per kW rate that varies between the winter and the summer. Staff increased the Demand Charge slightly and also increased the Facilities Charge slightly.

The summer and winter Medium General Service rate design is similar to the rate design for the Small General Service customers. The existing declining block rates are moderated using the 20 percent drop from the first block to the second block with the third block rate being the same as the second blocks rate. For the winter the same basic pattern was followed, a 20 percent drop from the first block to the second block with the third block the same as the second block, except for the all-electric sub-class. Staff's rate design has a 30 percent drop from the first to the second block with the third block the same as the second block. The additional discount for the all-electric sub-class was done to moderate the rate shock that these customers might experience.

**Q. Will bills increase for some customers if these rate designs are implemented?**

A. Yes. Those customers with all-electric rates and with second heating meters will see their winter rates increase significantly. They will still receive a discount for having electric space heating, but the discount is reduced with Staff's rate design.

**Q. Why did Staff increase the rates as much as it did for customers with all-electric rates and second meters for heating?**

A. Staff has two fundamental criteria it uses in designing rates: Fair Cost Apportionment and Energy Efficiency and Conservation. The customers with all-electric rates and second meters for heating have their winter electric bills subsidized by the other customers in their class. The KCPL CCOS study shows that the rate of return for these customers is below average. As Mr. Paul Normand concluded in his Direct Testimony for this docket:

> The CCOS study shows that rates for the non-electric heating customers during the winter time provide a higher contribution to the average return on investment than the summer rates. The study also shows that the customers who receive service under the all electric tariff or separately metered tariff in combination with the general service tariff provide a lower return to the Company in the winter than the summer and also provide a lower return than a comparable general service rate. The winter, non-electric heating customer rates are substantially above the Company's average return.[9]

As a general principal, electric rates should be set dependent upon the cost of providing electricity and not based on the end use of the electricity. Electric rates that try to set prices based on distinctions in end use result in a rate structure that charges general use customers much more than customers using electricity for space heating, even though the cost of generation at any particular time is the same for both. Designing rates around end use has led KCPL into a rate structure that contains significant subsidization of some customers with favored end use choices. A reduction in end use rate structures will have the added advantage of simplifying KCPL's rates, thus making them more understandable.

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[9] P. 22.

The second criterion Staff uses in designing rates is energy efficiency and conservation. The severely declining block rates in some cases along with the steep discounts for space heating do not provide either the price signal or the incentive for customers to be more frugal in their use of electricity.

**Q. If Staff was concerned about the subsidization of these customers with special rates and discounts, why didn't Staff go even further?**

A. Staff was concerned about the potential for rate shock and potential problems with KCPL recovering its revenue requirement. Staff thought that some customers might feel overwhelmed and that KCPL, due to energy conservation, might face lost revenues. Thus, as Staff noted earlier, gradualism and concern for stability limits the extent of changes in rates that are recommended at this time. But, Staff recommends that the Commission set out the goals it desires be achieved in terms of rate design, not only for KCP&L but the other jurisdictional utilities as well.

However, Staff does have one further recommendation. Staff recommends that the Commission freeze the all-electric and second meter, space heating tariffs to existing customers and that any additional customers not be allowed to join these tariff groups. This would be another step in the process of eliminating these distortionary tariffs.

**Q. Does that conclude your testimony?**

A. Yes it does.

STATE OF KANSAS )
) ss.
COUNTY OF SHAWNEE )

**VERIFICATION**

Robert H. Glass, being duly sworn upon his oath deposes and says that he is the Chief of Economic Policy in the Utilities Division of the Kansas Corporation Commission; that he has read and is familiar with the foregoing *Testimony*, and that the statements therein are true to the best of his knowledge, information and belief.

Robert H. Glass
Chief of Economic Policy
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 18th day of June, 2010.

PAMELA J. GRIFFETH
Notary Public - State of Kansas
My Appt. Expires 8-17-2011

Notary Public

My Appointment Expires: August 17, 2011

# KCC Weather Normalized Revenues and Usage by Customer Class

| | Residential | Small General Service | Medium General Service | Large General Service | Large Power | Lighting and Traffic Signals | Total |
|---|---|---|---|---|---|---|---|
| **Customer Charge** | $23,049,556 | $4,150,438 | $1,942,640 | $1,557,562 | $22,113 | | $30,722,309 |
| **Meter Charge** | | | $2,709 | $1,575 | | | $4,285 |
| **Facilities Charge** | | $667,482 | $7,532,651 | $17,600,964 | $109,904 | | $25,911,001 |
| **Demand Charge** | | | $6,017,469 | $21,046,956 | $1,983,232 | | $29,047,657 |
| **Energy Charge** | $223,739,574 | $27,548,195 | $42,072,852 | $92,290,109 | $5,677,131 | | $391,327,860 |
| **Total class income** | $246,789,130 | $32,366,115 | $57,568,321 | $132,497,166 | $7,792,380 | $9,239,488 | $486,252,599 |
| **KCPL adjustments** | $35,502,394 | $3,919,742 | $8,972,578 | $26,987,520 | $1,891,308 | | $77,273,542 |
| **Total Revenue** | $282,291,524 | $36,285,857 | $66,540,899 | $159,484,686 | $9,683,687 | $9,239,488 | $563,526,141 |
| **Revenue Adjustment** | ***($6,663,276)*** | ***($745,084)*** | ***($1,713,804)*** | | | | ***($9,122,163)*** |
| **Target Revenue Requirement** | $275,628,249 | $35,540,773 | $64,827,095 | $159,484,686 | $9,683,687 | $9,239,488 | $554,403,978 |
| **Total Energy (kWh)** | 2,928,059,376 | 327,413,943 | 753,100,958 | 2,347,495,699 | 170,683,273 | 55,972,384 | 6,526,753,249 |

NOTE: Total Revenue for the Small General Service and Medium General Service are smaller than in Staff's Class Cost of Service. Several small errors were found in the rate design data after it was too late in the process of filing testimony to change Staff's CCOS.

# Staff's Residential Class Rate Design

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **Customer Charge** | | | | | | |
| RES Time of Day | 726 | $13.25 | $9,620 | **$14.00** | $10,164 | 5.7% |
| RES A | 1,792,776 | $9.07 | $16,260,478 | **$10.00** | $17,927,760 | 10.3% |
| RES B | 44,883 | $9.07 | $407,089 | **$10.00** | $448,830 | 10.3% |
| RES C | 515,466 | $9.07 | $4,675,277 | **$10.00** | $5,154,660 | 10.3% |
| RES D | 16,393 | $11.27 | $184,749 | **$12.00** | $196,716 | 6.5% |
| RES E | 134,192 | $11.27 | $1,512,344 | **$12.00** | $1,610,304 | 6.5% |
| subtotal | 2,504,436 | | $23,049,556 | | $25,348,434 | 10.0% |
| **Energy Charge** | | | | | | |
| **Summer Rates** | | | | | | |
| **RTOD** | | | | | | |
| On Peak | 88,858 | $0.148470 | $13,193 | **$0.13952** | $12,398 | -6.0% |
| Off Peak | 309,624 | $0.061990 | $19,194 | **$0.05980** | $18,514 | -3.5% |
| subtotal | 398,483 | | $32,386 | | $30,912 | -4.6% |
| **RES A** | | | | | | |
| First 1000 kWh | 578,862,139 | $0.08899 | $51,512,942 | **$0.07973** | $46,151,112 | -10.4% |
| Over 1000 kWh | 325,858,053 | $0.08899 | $28,998,108 | **$0.09567** | $31,175,737 | 7.5% |
| subtotal | 904,720,192 | | $80,511,050 | | $77,326,849 | -4.0% |
| **RES B** | | | | | | |
| First 1000 kWh | 13,606,999 | $0.08899 | $1,210,887 | **$0.07973** | $1,084,849 | -10.4% |
| Over 1000 kWh | 6,561,426 | $0.08899 | $583,901 | **$0.09567** | $627,750 | 7.5% |
| subtotal | 20,168,425 | | $1,794,788 | | $1,712,599 | -4.6% |
| **RES C** | | | | | | |
| First 1000 kWh | 162,578,985 | $0.08899 | $14,467,904 | **$0.07973** | $12,961,982 | -10.4% |
| Over 1000 kWh | 78,721,950 | $0.08899 | $7,005,466 | **$0.09567** | $7,531,546 | 7.5% |
| subtotal | 241,300,934 | | $21,473,370 | | $20,493,528 | -4.6% |
| **RES D** | | | | | | |
| First 1000 kWh | 3,557,757 | $0.08899 | $316,605 | **$0.07973** | $283,650 | -10.4% |
| Over 1000 kWh | 997,493 | $0.08899 | $88,767 | **$0.09567** | $95,433 | 7.5% |
| Space Heat | 1,688,254 | $0.08899 | $150,238 | **$0.09567** | $161,520 | 7.5% |
| subtotal | 6,243,504 | | $555,609 | | $540,603 | -2.7% |
| **RES E** | | | | | | |
| First 1000 kWh | 33,013,983 | $0.08899 | $2,937,914 | **$0.07973** | $2,632,116 | -10.4% |
| Over 1000 kWh | 7,613,646 | $0.08899 | $677,538 | **$0.09567** | $728,418 | 7.5% |
| Space Heat | 18,761,797 | $0.08899 | $1,669,612 | **$0.09567** | $1,794,993 | 7.5% |
| subtotal | 59,389,426 | | $5,285,065 | | $5,155,527 | -2.5% |
| **Total Residential** | 1,232,220,965 | | $109,652,269 | | $105,260,018 | |
| | | | | **Target** | $105,260,018 | |

# Staff's Residential Class Rate Design

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **Energy Charge** | | | | | | |
| | | | **Winter Rates** | | | |
| **RTOD** | | | | | | |
| Winter Rate | 488,305 | $0.064810 | $31,647 | **$0.06681** | $32,621 | 3.1% |
| subtotal | 488,305 | | $31,647 | | $32,621 | 3.1% |
| **RES A** | | | | | | |
| First 1000 kWh | 820,785,749 | $0.08037 | $65,966,551 | **$0.06681** | $54,833,004 | -16.9% |
| Over 1000 kWh | 210,278,635 | $0.08003 | $16,828,599 | **$0.06681** | $14,047,770 | -16.5% |
| subtotal | 1,031,064,384 | | $82,795,150 | | $68,880,774 | -16.8% |
| **RES B** | | | | | | |
| First 1000 kWh | 22,214,552 | $0.05177 | $1,150,047 | **$0.06681** | $1,484,054 | 29.0% |
| Over 1000 kWh | 10,137,194 | $0.07910 | $801,852 | **$0.06681** | $677,220 | -15.5% |
| subtotal | 32,351,746 | | $1,951,899 | | $2,161,275 | 10.7% |
| **RES C** | | | | | | |
| First 1000 kWh | 280,090,869 | $0.05211 | $14,595,535 | **$0.06681** | $18,711,611 | 28.2% |
| Over 1000 kWh | 188,848,624 | $0.03908 | $7,380,204 | **$0.05344** | $10,092,902 | 36.8% |
| subtotal | 468,939,493 | | $21,975,739 | | $28,804,513 | 31.1% |
| **RES D** | | | | | | |
| First 1000 kWh | 4,940,845 | $0.07774 | $384,101 | **$0.06681** | $330,076 | -14.1% |
| Over 1000 kWh | 920,288 | $0.07694 | $70,807 | **$0.06681** | $61,480 | -13.2% |
| Space Heat | 7,503,105 | $0.03758 | $281,967 | **$0.05344** | $400,999 | 42.2% |
| subtotal | 13,364,238 | | $736,875 | | $792,555 | 7.6% |
| **RES E** | | | | | | |
| First 1000 kWh | 53,495,532 | $0.04903 | $2,622,886 | **$0.06681** | $3,573,796 | 36.3% |
| Over 1000 kWh | 10,029,666 | $0.07351 | $737,281 | **$0.06681** | $670,037 | -9.1% |
| Space Heat | 86,105,047 | $0.03758 | $3,235,828 | **$0.05344** | $4,601,833 | 42.2% |
| subtotal | 149,630,245 | | $6,595,994 | | $8,845,665 | 34.1% |
| **Total Residential** | 1,695,838,411 | | $114,087,305 | | $109,517,403 | |
| | | | | **Target** | $109,517,403 | |

# Staff's Small General Service Class Rate Design

## kW Rates

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **SGS Secondary Voltage** | | | | | | |
| **Customer charges** | | | | | | |
| 0-24kW | 211,725 | $15.59 | $3,300,793 | **$18.00** | $3,811,050.00 | 15.46% |
| 25kW or above | 9,551 | $40.77 | $389,394 | **$40.77** | $389,394.27 | 0.00% |
| subtotal | 221,276 | | $3,690,187 | | 4200444.27 | 13.83% |
| **Facilities Charges** | | | | | | |
| all kW over 25 kW | 214,496 | $2.403 | $515,434 | **$2.500** | $536,240.00 | 4.04% |
| subtotal | 214,496 | | $515,434 | | $536,240.00 | |
| | | | | | | |
| **SGS Unmetered** | | | | | | |
| **Customer charge** | 12,007 | $6.70 | $80,447 | **$7.00** | $84,049.00 | 4.48% |
| | | | | | | |
| **SGS Secondary Voltage Separate Heat** | | | | | | |
| **Customer charges** | | | | | | |
| 0-24kW | 3,033 | $15.59 | $47,281 | **$18.00** | $54,589.49 | 15.46% |
| 25kW or above | 1,777 | $40.77 | $72,459 | **$40.77** | $72,458.71 | 0.00% |
| heat charge | 4,411 | $1.85 | $8,160 | **$1.85** | $8,160.35 | 0.00% |
| subtotal | 9,221 | | $127,900 | | $135,208.55 | 5.71% |
| **Facilities Charges** | | | | | | |
| first 25 kW | | $0.000 | $0 | **$0.000** | $0.00 | 0.00% |
| all kW over 25 kW | 26,234 | $2.403 | $63,041 | **$2.500** | $65,585.86 | 4.04% |
| subtotal | 26,234 | | $63,041 | | $65,585.86 | 4.04% |
| | | | | | | |
| **SGS Secondary Voltage All Electric** | | | | | | |
| **Customer charges** | | | | | | |
| 0-24kW | 11,236 | $15.59 | $175,169 | **$18.00** | $202,248.00 | 15.46% |
| 25kW or above | 1,858 | $40.77 | $75,751 | **$40.77** | $75,750.66 | 0.00% |
| subtotal | 13,094 | | $250,920 | | $277,998.66 | 10.79% |
| **Facilities Charges** | | | | | | |
| first 25 kW | | $0.000 | $0 | **$0.000** | $0.00 | 0.00% |
| all kW over 25 kW | 35,957 | $2.403 | $86,405 | **$2.500** | $89,892.50 | 4.04% |
| subtotal | 35,957 | | $86,405 | | $89,892.50 | 4.04% |
| | | | | | | |
| **SGS Primary Voltage** | | | | | | |
| **Customer charges** | | | | | | |
| 0-24kW | 25 | $15.59 | $390 | **$18.00** | $450.00 | 15.46% |
| 25kW or above | 10 | $40.77 | $408 | **$40.77** | $407.70 | 0.00% |
| subtotal | 35 | | $797 | | $857.70 | 7.56% |
| **Facilities Charges** | | | | | | |
| first 26 kW | | $0.000 | $0 | **$0.000** | $0.00 | 0.00% |
| all kW over 26 kW | 1,280 | $2.033 | $2,602 | **$2.033** | $2,602.24 | 0.00% |
| subtotal | 1,280 | | $2,602 | | $2,602.24 | 0.00% |
| | | | | | | |
| SGS Primary Voltage All Electric | | | | | | |
| **Customer charges** | | | | | | |
| 0-24kW | 12 | $15.59 | $187 | **$18.00** | $216.00 | 15.46% |
| | | | | | | |
| **Total Small General Service** | | | $4,817,920 | | $5,393,095 | |

# Staff's Small General Service Class Rate Design

## Summer Rates

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **SGS Secondary Voltage** | | | | | | |
| First 180 hours | 72,169,487 | $0.12256 | $8,845,092 | **$0.10050** | $7,253,198.50 | -18.00% |
| next 180 hours | 30,213,724 | $0.05381 | $1,625,800 | **$0.08040** | $2,429,238.70 | 49.42% |
| over 360 hours | 9,007,629 | $0.04809 | $433,177 | **$0.08040** | $724,229.87 | 67.19% |
| subtotal | 111,390,840 | | $10,904,070 | | $10,406,667.07 | -4.56% |
| **SGS Secondary Voltage Unmetered** | | | | | | |
| First 180 hours | 586,778 | $0.12256 | $71,915 | **$0.10050** | $58,972.49 | -18.00% |
| next 180 hours | 130,653 | $0.05381 | $7,030 | **$0.08040** | $10,504.75 | 49.42% |
| over 360 hours | 218,658 | $0.04809 | $10,515 | **$0.08040** | $17,580.47 | 67.19% |
| subtotal | 936,088 | | $89,461 | | $87,057.72 | -2.69% |
| **SGS Secondary Voltage Separate Heat** | | | | | | |
| First 180 hours | 2,085,985 | $0.12256 | $255,658 | **$0.10050** | $209,646.30 | -18.00% |
| next 180 hours | 356,687 | $0.05381 | $19,193 | **$0.08040** | $28,678.33 | 49.42% |
| over 360 hours | 38,370 | $0.04809 | $1,845 | **$0.08040** | $3,085.01 | 67.19% |
| heat first 180 hours | 300,462 | $0.12256 | $36,825 | **$0.10050** | $30,197.16 | -18.00% |
| heat next 180 hours | | $0.05381 | $0 | **$0.08040** | $0.00 | 0.00% |
| heat over 360 hours | | $0.04809 | $0 | **$0.08040** | $0.00 | 0.00% |
| subtotal | 2,781,505 | | $313,522 | | $271,606.79 | -13.37% |
| **SGS Secondary Voltage All Electric** | | | | | | |
| First 180 hours | 4,194,549 | $0.12256 | $514,084 | **$0.10050** | $421,561.79 | -18.00% |
| next 180 hours | 1,620,075 | $0.05381 | $87,176 | **$0.08040** | $130,256.99 | 49.42% |
| over 360 hours | 588,931 | $0.04809 | $28,322 | **$0.08040** | $47,351.12 | 67.19% |
| subtotal | 6,403,555 | | $629,582 | | $599,169.90 | -4.83% |
| **SGS Primary Voltage** | | | | | | |
| First 180 hours | 5,963 | $0.11947 | $712 | **$0.10050** | $599.28 | -15.88% |
| next 180 hours | 2,548 | $0.05232 | $133 | **$0.08040** | $204.89 | 53.67% |
| over 360 hours | 2,483 | $0.04683 | $116 | **$0.08040** | $199.68 | 71.69% |
| subtotal | 10,995 | | $962 | | $1,003.84 | 4.35% |
| **SGS Primary Voltage All Electric** | | | | | | |
| First 180 hours | 1,758 | $0.11947 | $210 | **$0.10050** | $176.68 | -15.88% |
| next 180 hours | | $0.05232 | $0 | **$0.08040** | $0.00 | 0.00% |
| over 360 hours | | $0.04683 | $0 | **$0.08040** | $0.00 | 0.00% |
| subtotal | 1,758 | | $210 | | $176.68 | -15.88% |

| | Energy | Revenue | | Revenue |
|---|---|---|---|---|
| Total Small Genera | 121,524,741 | $11,937,806 | | $11,365,682 |
| | | | **Target** | $11,365,682 |

# Staff's Small General Service Class Rate Design

## Winter Rates

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **SGS Secondary Voltage** | | | | | | |
| First 180 hours | 115,728,088 | $0.09756 | $11,290,432 | **$0.07813** | $9,041,721.78 | -19.92% |
| next 180 hours | 48,305,696 | $0.04597 | $2,220,613 | **$0.06250** | $3,019,261.22 | 35.97% |
| over 360 hours | 16,693,975 | $0.03625 | $605,157 | **$0.06250** | $1,043,427.06 | 72.42% |
| subtotal | 180,727,758 | | $14,116,202 | | $13,104,410.06 | -7.17% |
| **SGS Secondary Voltage Unmetered** | | | | | | |
| First 180 hours | 1,227,194 | $0.09756 | $119,725 | **$0.07813** | $95,879.46 | -19.92% |
| next 180 hours | 254,830 | $0.04597 | $11,715 | **$0.06250** | $15,927.67 | 35.97% |
| over 360 hours | 457,715 | $0.03625 | $16,592 | **$0.06250** | $28,608.66 | 72.42% |
| subtotal | 1,939,739 | | $148,032 | | $140,415.80 | -5.14% |
| **SGS Secondary Voltage Separate Heat** | | | | | | |
| First 180 hours | 3,081,484 | $0.09756 | $300,630 | **$0.07813** | $240,753.31 | -19.92% |
| next 180 hours | 911,187 | $0.04597 | $41,887 | **$0.06250** | $56,952.11 | 35.97% |
| over 360 hours | 171,531 | $0.03625 | $6,218 | **$0.06250** | $10,721.22 | 72.42% |
| heat | 4,650,336 | $0.03625 | $168,575 | **$0.06250** | $290,660.96 | 72.42% |
| subtotal | 8,814,538 | | $517,310 | | $599,087.60 | 15.81% |
| **SGS Secondary Voltage All Electric** | | | | | | |
| First 180 hours | 9,813,308 | $0.06632 | $650,819 | **$0.07813** | $766,704.09 | 17.81% |
| next 180 hours | 3,162,772 | $0.04025 | $127,302 | **$0.05469** | $172,972.97 | 35.88% |
| over 360 hours | 1,410,496 | $0.03488 | $49,198 | **$0.05469** | $77,140.47 | 56.80% |
| subtotal | 14,386,576 | | $827,318 | | $1,016,817.53 | 22.91% |
| **SGS Primary Voltage** | | | | | | |
| First 180 hours | 11,158 | $0.09505 | $1,061 | **$0.07813** | $871.79 | -17.80% |
| next 180 hours | 1,439 | $0.04483 | $64 | **$0.06250** | $89.91 | 39.42% |
| over 360 hours | 1,638 | $0.03522 | $58 | **$0.06250** | $102.40 | 77.47% |
| subtotal | 14,235 | | $1,183 | | $1,064.10 | -10.03% |
| **SGS Primary Voltage All Electric** | | | | | | |
| First 180 hours | 3,951 | $0.06473 | $256 | **$0.07813** | $308.69 | 20.70% |
| next 180 hours | 1,343 | $0.03922 | $53 | **$0.06250** | $83.94 | 59.37% |
| over 360 hours | 1,063 | $0.03396 | $36 | **$0.06250** | $66.44 | 84.05% |
| subtotal | 6,357 | | $345 | | $459.07 | 33.25% |
| **Total Small General Service** | 205,889,202 | | $15,610,388 | | $14,862,254 | |
| | | | | **Target** | $14,862,254 | |

# Staff's Medium General Service Class Rate Design
# kW Rates Except for Seasonal Demand Charges

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **MGS Secondary Voltage** | | | | | | |
| Customer charge | 41,903 | $40.71 | $1,705,871 | **$40.71** | $1,705,871 | 0.00% |
| Facilities Charge | 2,555,290 | $2.405 | $6,145,472 | **$2.500** | $6,388,225 | 3.95% |
| **MGS Secondary Voltage Separate Heat** | | | | | | |
| Customer charge | 1,332 | $40.71 | $54,226 | **$40.71** | $54,226 | 0.00% |
| Separate Heat | 1,441 | $1.88 | $2,709 | **$1.88** | $2,709 | 0.00% |
| subtotal | 2,773 | | $56,935 | | $56,935 | |
| Facilities Charge | 113,689 | $2.405 | $273,423 | **$2.500** | $284,224 | 3.95% |
| **MGS Secondary Voltage All Electric** | | | | | | |
| Customer charge | 4,448 | $40.71 | $181,078 | **$40.71** | $181,078 | 0.00% |
| Facilities Charge | 457,271 | $2.405 | $1,099,738 | **$2.500** | $1,143,179 | 3.95% |
| **MGS Primary Voltage** | | | | | | |
| Customer charge | 36 | $40.71 | $1,466 | **$40.71** | $1,466 | 0.00% |
| Facilities Charge | 6,905 | $2.030 | $14,018 | **$2.030** | $14,018 | 0.00% |
| Total Medium General Service | | | $9,478,001 | | $9,774,994 | |

# Staff's Medium General Service Class Rate Design

## Summer Rates

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **MGS Secondary Voltage** | | | | | | |
| **Demand Charges** | 761,898 | $3.365 | $2,563,785 | **$3.500** | $2,666,641 | 4.01% |
| **Energy Charges** | | | | | | |
| First 180 hours | 136,524,442 | $0.07631 | $10,418,180 | **$0.06458** | $8,816,873 | -15.37% |
| next 180 hours | 90,102,674 | $0.04783 | $4,309,611 | **$0.05166** | $4,655,130 | 8.02% |
| over 360 hours | 20,007,669 | $0.04840 | $968,371 | **$0.05166** | $1,033,691 | 6.75% |
| subtotal | 246,634,785 | | $15,696,162 | | $14,505,694 | -7.58% |
| **MGS Secondary Voltage Separate Heat** | | | | | | |
| **Demand Charges** | 22,576 | $3.365 | $75,968 | **$3.500** | $79,016 | 4.01% |
| **Energy Charges** | | | | | | |
| First 180 hours | 3,013,418 | $0.07631 | $229,954 | **$0.06458** | $194,609 | -15.37% |
| next 180 hours | 1,742,336 | $0.04783 | $83,336 | **$0.05166** | $90,017 | 8.02% |
| over 360 hours | 149,560 | $0.04840 | $7,239 | **$0.05166** | $7,727 | 6.75% |
| heat first 180 hours | 448,188 | $0.07631 | $34,201 | **$0.06458** | $28,944 | -15.37% |
| heat next 180 hours | 409,500 | $0.04783 | $19,586 | **$0.05166** | $21,157 | 8.02% |
| heat over 360 hours | | $0.04840 | $0 | | $0 | 0.00% |
| subtotal | 5,763,001 | | $374,316 | | $342,455 | -8.51% |
| **MGS Secondary Voltage All Electric** | | | | | | |
| **Demand Charges** | 103,590 | $3.365 | $348,582 | **$3.500** | $362,566 | 4.01% |
| **Energy Charges** | | | | | | |
| First 180 hours | 18,208,187 | $0.07631 | $1,389,467 | **$0.06458** | $1,175,901 | -15.37% |
| next 180 hours | 12,455,120 | $0.04783 | $595,728 | **$0.05166** | $643,490 | 8.02% |
| over 360 hours | 3,820,038 | $0.04840 | $184,890 | **$0.05166** | $197,361 | 6.75% |
| subtotal | 34,483,346 | | $2,170,085 | | $2,016,753 | -7.07% |
| **MGS Primary Voltage** | | | | | | |
| **Demand Charges** | 1,732 | $3.288 | $5,696 | **$3.500** | $6,063 | 6.45% |
| **Energy Charges** | | | | | | |
| First 180 hours | 91,539 | $0.07437 | $6,808 | **$0.06458** | $5,912 | -13.16% |
| next 180 hours | 263 | $0.04634 | $12 | **$0.05166** | $14 | 11.49% |
| subtotal | 91,803 | | $6,820 | | $5,925 | -13.12% |
| **Total Medium General Service** | 286,972,935 | | $21,241,414 | | $19,985,114 | |
| | | | | **Target** | $19,985,114 | |

# Staff's Medium General Service Class Rate Design

## Winter Rates

| | Pro forma Billing Determinants (1) | Present Rates (2) | Present Revenue (3)=(1)*(2) | Staff's Proposed Rates (4) | Staff's Proposed Revenue (5)=(1)*(4) | Percentage Change in Revenues (6)=(5)/(3) |
|---|---|---|---|---|---|---|
| **MGS Secondary Voltage** | | | | | | |
| **Demand Charges** | 1,372,845 | $1.704 | $2,339,329 | **$1.800** | $2,471,122 | 5.63% |
| **Energy Charges** | | | | | | |
| First 180 hours | 213,270,001 | $0.06833 | $14,572,739 | **$0.05438** | $11,598,376 | -20.41% |
| next 180 hours | 138,880,374 | $0.03835 | $5,326,062 | **$0.04351** | $6,042,244 | 13.45% |
| over 360 hours | 32,639,119 | $0.03228 | $1,053,591 | **$0.04351** | $1,420,024 | 34.78% |
| subtotal | 384,789,493 | | $20,952,392 | | $19,060,645 | -9.03% |
| **MGS Secondary Voltage Separate Heat** | | | | | | |
| **Demand Charges** | 60,164 | $1.704 | $102,519 | **$1.800** | $108,295 | 5.63% |
| **Energy Charges** | | | | | | |
| First 180 hours | 4,517,611 | $0.06833 | $308,688 | **$0.05438** | $245,684 | -20.41% |
| next 180 hours | 3,005,858 | $0.03835 | $115,275 | **$0.04351** | $130,775 | 13.45% |
| over 360 hours | 366,515 | $0.03228 | $11,831 | **$0.04351** | $15,946 | 34.78% |
| heat | 6,747,420 | $0.03046 | $205,526 | **$0.04351** | $293,559 | 42.83% |
| subtotal | 14,637,405 | | $641,321 | | $685,964 | 6.96% |
| **MGS Secondary Voltage All Electric** | | | | | | |
| **Demand Charges** | 246,123 | $2.339 | $575,683 | **$2.4000** | $590,696 | 2.61% |
| **Energy Charges** | | | | | | |
| First 180 hours | 38,502,434 | $0.04029 | $1,551,263 | **$0.05438** | $2,093,898 | 34.98% |
| next 180 hours | 22,106,623 | $0.02440 | $539,402 | **$0.03807** | $841,565 | 56.02% |
| over 360 hours | 5,816,913 | $0.02120 | $123,319 | **$0.03807** | $221,441 | 79.57% |
| subtotal | 66,425,970 | | $2,213,983 | | $3,156,905 | 42.59% |
| **MGS Primary Voltage** | | | | | | |
| **Demand Charges** | 3,546 | $1.666 | $5,908 | **$1.700** | $6,028 | 2.04% |
| **Energy Charges** | | | | | | |
| First 180 hours | 255,973 | $0.06672 | $17,079 | **$0.05438** | $13,921 | -18.49% |
| next 180 hours | 16,169 | $0.03744 | $605 | **$0.04351** | $703 | 16.20% |
| over 360 hours | 3,013 | $0.02943 | $89 | **$0.04351** | $131 | 47.83% |
| subtotal | 275,155 | | $17,773 | | $14,755 | -16.98% |
| **Total Medium General Service** | 466,128,023 | | $26,848,907 | | $26,094,410 | |
| | | | | **Target** | $26,094,410 | |

## CERTIFICATE OF SERVICE

10-KCPE-415-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony Prepared by Dr. Robert H. Glass was served by electronic service on this 18th day of June, 2010, to the following parties who have waived receipt of follow-up hard copies.

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BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION
July 26, 2010
Susan K. Duffy, Executive Director

REBUTTAL TESTIMONY OF

TIM M. RUSH

ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY

IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MODIFY ITS TARIFFS TO CONTINUE THE
IMPLEMENTATION OF ITS REGULATORY PLAN

DOCKET NO. 10-KCPE-415-RTS

**Q: Are you the same Tim M. Rush who submitted Direct Testimony in this proceeding?**

A: Yes, I am.

**Q: What is the purpose of your Rebuttal Testimony?**

A: The purpose of my Rebuttal Testimony is to respond to the testimony of certain witnesses of the Staff of the Kansas Corporation Commission ("Staff") and intervenors regarding the subjects of i) annualized/normalized revenues; ii) rate design; iii) streetlight offerings and other tariff changes; and iv) a change to the Company's Rules and Regulations.

Specifically I address:

i) the Direct Testimony of Staff witness Jaime T. Stamatson, regarding annualized revenues;

ii) the Direct Testimonies of Staff witness Dr. Robert H. Glass, Brian Kalcic representing The Citizens' Utility Ratepayer Board ("CURB"), Donald Johnstone representing the Midwest Utility Users Group ("MUUG"),

David N. Dittemore and Paul H. Raab both representing the Kansas Gas Service ("KGS"), and Gary W. Milligan representing the Atmos Energy Corporation ("Atmos Energy") regarding their recommendations on rate design;

iii) streetlight offerings and other tariff changes; and

iv) the streetlight and Rules and Regulation changes I proposed in my Direct Testimony.

## I. ANNUALIZED/NORMALIZED REVENUES

**Q: Have you reviewed the Direct Testimony of Jaime T. Stamatson regarding the weather normalized revenue adjustment presented by Staff?**

A: Yes, I have.

**Q: Please describe that testimony.**

A: The testimony of Mr. Stamatson proposes an increase to KCP&L's proposed test year revenues of nearly $5 million. It is essentially driven by Mr. Stamatson's weather normalization modeling process which differs from KCP&L's weather normalization process in three significant areas. KCP&L used weather from a first order weather station at Kansas City International ("KCI"). Staff used three different weather stations, none of which are first order weather stations. The second significant difference between KCP&L and Staff's weather normalization modeling is the length of time used to calculate "normal" weather. KCP&L used the industry standard traditional 30-year historical period to calculate normal weather, while Staff used only a ten-year historical period to determine normal weather. The third significant difference is the selection of the base temperature to compute both heating and cooling degree days. Staff used

65 degrees for both and for all classes. KCP&L used different base temperatures for each class of sales. All of the base temperatures KCP&L used to compute heating degree days were 55 degrees or less.

**Q: Does the Company have concerns with Staff's adjustment?**

A: Yes. Company witness George M. McCollister provides Rebuttal Testimony concerning the weather normalization process and Mr. Stamatson's conclusions. Beyond what Mr. McCollister addresses, my primary concern is that the revenues developed from any deviation in sales compared to those sales presented in my initial Direct Testimony must be developed on a consistent method so the unit sales and sales revenues can be used to produce the appropriate revenues and can be used in the development of the appropriate rate design that will be the result of this case.

## II. ELECTRIC RATE DESIGN

**Q: Have you reviewed the testimonies filed by other parties concerning the Company's rate design?**

A: Yes, I have.

**Q: Please describe those testimonies.**

A: The Direct Testimony filed by Staff witness Dr. Glass related to rate design proposes changes to existing rates that focus only on the Residential, Small General Service and Medium General Service classes. The Staff is proposing an overall decrease to the Company's revenue requirement and the percentage decrease is allocated to only three of the seven customer classes.

Mr. Kalcic, representing CURB, proposes an alternate rate design focusing on Residential and Small General Service. CURB is proposing an equal percentage increase

to the Company's aggregate Residential and Small General Service Secondary rate classes.

Mr. Johnstone, representing MUUG, supports an equal percentage increase to all classes consistent with the Company's proposal in its direct filed case.

Mr. Dittemore and Mr. Raab, representing KGS, propose changes to the Residential rate design.

Mr. Milligan, representing Atmos Energy, proposes changes to the Residential rate design.

**Q: Before you describe the details of the alternatives proposed by the parties, please take a moment and describe the current KCP&L rate structures.**

A: The Company's rates are organized into seven customer classes (Residential, Small General Service, Medium General Service, Large General Service, Large Power Service, Off-Peak Lighting, and Other Lighting) with charges levied through a combination of four classification components, all classes have a fixed charge (Customer) and depending on the size of service, up to three variable charges (Facility, Demand, and Energy).

The Residential, Small General Service, Medium General Service and Large General Service rates are distinguished further between general use and customers with electric space heating. Residential also has a water heating rate for customers with electric water heating. A summary of the current Residential rates is provided in Schedule TMR2010-3. Additionally, non-residential rates are broken down further between primary and secondary voltages.

Most rate components are segmented into declining blocks which provide lower rates for higher levels of usage. The declining block structure is used because typically

not all fixed costs are recovered in the customer, demand or facility charges and it allows for recovery of most other fixed charges in the first block of the rate. The latter blocks primarily recover variable costs with a small contribution to fixed costs.

The rate structures are administratively simple and require simple metering equipment, which measures energy (i.e., kWhs) and demand (i.e., kW).

Non-residential rates are billed through hours-use rate design. "Hours-Use" is a representation of the hours used at the full customer demand. By dividing the total monthly kWh by the monthly maximum kW demand you generate the "hours-use" the customer used in that month. There are 720 hours in a typical 30-day month. The calculated hours-use for a month can be used to compare against this 720 available hours. To generalize, the higher the hours-use the customer uses, the more efficient the use of demand.

All classes, except for the lighting classes, have lower rates for winter usage as compared to summer rates. KCP&L is a summer peaking utility, meaning the highest demand occurs during the summer months. This means that the electric plant installed to meet this summer demand, which is available year-round, may not be fully utilized by retail customers in the winter time. Company witness Paul Normand filed testimony in this case supporting the summer winter differential costs and explained the different types of generation need to meet customers' demands during different periods of time.

**Q: How were these structures developed?**

A: Some elements of our rate structure have been in place for decades. However, the most recent comprehensive rate design effort originated in a 1997 rate case, Docket No. 97-KCPE-661-RTS ("661 Docket") and was ultimately concluded through a separate

proceeding in 1999, Docket No. 98-KCPE-500-TAR ("500 Docket"). The rate design case took over a year to complete requiring considerable internal and external effort, drawing heavily from an earlier, multi-year effort in the Missouri jurisdiction. The goals of the rate design effort were defined on page 6 of the Direct Testimony of KCP&L witness Charles J. Locke in the 500 Docket. The goals included:

- Simplify rates for customer and administrative convenience.
- Provide for greater consistency of rate structure and language.
- Unbundle the pricing of various cost components.
- Align rate levels more closely with costs in each class and season.
- Establish stronger incentives for the efficient utilization of system resources.

The resulting rate structure provided better organization of the rates, provided rate continuity between the classes, introduced seasonal rates to the classes that previously did not have summer/winter price differentials, and unbundled the rates by function. The rate structure was developed through a collaborative process, was ultimately supported by Commission Staff and CURB, and has served the customers and the Company well in the years since.

**Q: What issues do you believe are critical when contemplating a change to rate structures?**

A: There are a handful of considerations I believe are critical to the Company in contemplating a rate structure change. They are:

Provide Revenue Stability and Risk Mitigation – The Company must account for:

1) the price elasticity of any new design in its revenue requirement;
2) the risk of the revenue requirement coming from higher blocks; and

3) the effect of any rate switching that may occur in the revenue requirement.

Implement Cost-Based Rates – The rate design should reflect distinguishing characteristics of various customer usage profiles. This is supported by the testimony of Company witness Paul Normand and the results of the class cost of service ("CCOS") study. The study specifically addresses the different costs between summer/winter and addresses the different costs of electric space heating customers versus general use customers. Rates should provide continuity across the range of customer classes (i.e. you should not have one rate for each customer nor should you have one rate only for all customers)

Minimize Customer Dissatisfaction –

1) Changes must be made in such a way as to minimize significant impacts to customers. This may require a gradual or multi-phase shift, if the impact on customers is considered too harsh for a single shift.
2) If rates are to be no longer offered to new customers (i.e., frozen from new customer locations), the Company should allow for some time period to elapse so that customers currently committed to and installing electric space heat equipment based on current rates can still get the rate to justify their investment.
3) If a rate is to be discontinued to all customers, the rate impact of those customers should be considered and the evaluation of the alternative rates the customer would move to should be considered in the determination of the revenue requirement of the Company.

Simplify the Rate Structure – The Company should seek to combine or reduce rates where possible.

Consider Technology Issues – The Company must be certain it has the technology in place to measure the usage and produce bills for the new rates.

**Q: At a high level could you summarize the rate design strategies offered by the other parties?**

A: The positions of the parties are very clear. On page 16 of the testimony of Staff witness Dr. Glass, he details that promoting conservation or energy efficiency is the primary goal. He goes further to speak of the need for fair cost apportionment, gradualism, and economic development. On page 4 of CURB witness Mr. Kalcic's testimony, he likewise cites conservation as the goal. The gas companies, through the testimony of Mr. Raab and Mr. Dittemore, chose to focus on competitive issues. Taken in whole, the parties have focused on the Residential and smaller commercial classes and are seeking to (a) send price signals which attempt to force customers to reduce annual energy consumption and (b) eliminate the Company's heating rates.

**Q: How did the Company propose to allocate its requested increase to base rates among customer classes?**

A: The Company recommended that its rate increase be allocated on an equal percentage basis to all tariffs. The Company's original filing was for an increase of 11.5%, to be applied to all classes for each component of each tariff.

**Q: How does the Company's proposal compare to those offered by other parties?**

A: I will describe each individually beginning with Staff. Staff is proposing a revenue requirement decrease that is allocated to the Residential, Small General Service and

Medium General Service classes. Staff is recommending no change in rates to the Large General Service, Large Power and Lighting classes. Staff is also proposing changes to the Company's Residential, Small General Service and Medium General Service rate designs. The redesign consists of a number of different methods depending on each rate class and each tariff. For example, for all Residential customers other than those on the Time of Day ("TOD") rates, Staff proposes splitting the monthly summer rate into two billing blocks. Staff recommends the first billing block cover the first 1,000 kWhs and a new second billing block for use over 1,000 kWhs. Staff recommends that the first block rate be lowered from the existing summer rate and a significantly higher price be applied to the new second billing block. The proposed difference between the first billing block and the second billing block is 20%.

**Q: Does Staff provide any cost justification for such a change in the rate design of the summer period for residential customers?**

A: No. No study was prepared or presented that would justify the inverted rate recommended by Dr. Glass. Currently the summer residential rate is a flat energy rate plus a customer charge. Staff would propose an inverted rate, which places a significant amount of risk on the Company and potentially decreases customer satisfaction.

**Q: What do you mean by the phrase "risk on the Company" and what do you mean by decreased "customer satisfaction"?**

A: By using an inverted rate structure for the summer residential class, the Company's revenues will be more at risk due to economic and weather conditions. If we have a mild summer, the Company will receive substantially lower revenues to support its investments. If we were to experience a hot summer, the Company would potentially

earn substantially more revenues. These changes would likewise impact customers and may result in substantial customer dissatisfaction. I am not an advocate of inverted rates because of these reasons and as I understand, inverted rates have not proven to accomplish expected benefits to either the customer or the Company.

**Q: Please explain Dr. Glass's winter rate proposal.**

A: For the winter rates Staff is proposing to eliminate the declining rates between the first and second billing blocks for the General Use ("Rate A") customers and customers with Water Heat and One Meter ("Rate B"). Staff is proposing to decrease the difference between the declining blocks for Space Heat-One Meter ("Rate C"), Space Heat-Separate Meter and ("Rate D"), Space and Water Heat–Separate Meter ("Rate E") customers. The impact to winter rates for some of the Residential sub-classes, even when including Staff's proposed revenue requirement decrease, would be an increase as high as 31.1% to 34.1% (See Glass Exhibit RHG-2, Page 2 of 2). Staff also proposes an aggregate Residential customer charge increase of 10%.

Staff recommends that the Commission freeze the all-electric and second meter, space heating tariffs to existing customers and that any additional customer not be allowed to join these tariff groups. Staff did not note that Residential Rates D and E are already frozen to premises connected prior to January 1, 2007. Staff also recommends that rates for the Large General Service, Large Power Service and Lighting Classes not be changed until the abbreviated rate case.

**Q: Does Staff provide any cost justification, or study for such a change in the rate design of the winter period for residential customers?**

A: No. No study was prepared or presented that would justify Dr. Glass's proposed changes in rate design. I believe that his proposal will result in further dissatisfaction of customers when combined with his summer rate design proposal.

**Q: Please explain Dr. Glass proposals for the Small General Service and Medium General Service classes.**

A: Dr. Glass recommends changes to the Small General Service and Medium General Service classes, where he recommends rate changes to each tariff component ranging from a decrease of 19.92% per kWh to an increase of 84.05% per kWh. For the summer and winter rates Staff recommends decreasing the difference between the first and second billing blocks and essentially eliminating the third billing block by making it the same as the second.

**Q: Does Staff provide any cost justification, or study for such a change in the rate design?**

A: No. No study was prepared or presented that would justify Dr. Glass's proposed changes in rate design. I believe that his proposal will result in both revenue instability for the Company and dissatisfaction of customers.

**Q: Do you have any additional concerns about the Staff proposal?**

A: Yes. First, in reading the testimony of Dr. Glass, particularly page 34, it is clear that the cost studies prepared by Mr. Normand were reviewed by Staff. Unfortunately there is no evidence that Dr. Glass relied on the information in any way when preparing his rate design proposal. Going back to the Stipulation and Agreement in the 09-KCPE-246-RTS

docket, the entire purpose for requiring the study was to provide the necessary data to evaluate the Company's rates. It would appear this valuable resource was ignored.

Second, Dr. Glass devotes a number of pages in his testimony to define the Staff's rate design principals (Fair Cost Apportionment, Energy Efficiency and Energy Conservation, Gradualism, and Economic Development). However, in the course of defining the principals they are marginalized and modified to suit Staff's proposal. Most troubling to me is the desire to effectively abandon the Fair Cost Apportionment and Gradualism principals all in the name of Conservation. Concerning cost, it is interesting to note that the Residential class is provided a revenue decrease when the CCOS study offered in the Direct Testimony of Staff witness Michael B. Mount shows that the Residential class is currently providing a rate of return below the system return. Concerning gradualism, Staff's entire proposal is predicated on the Commission approval of an overall rate decrease. Even so, based on Staff's proposed rate design a large portion of individual residential customers will receive extreme rate increases. If the Company were to prevail and receive approval for a revenue increase, the impact on any individual residential customer will pale in comparison with the Staff's proposed rate design. The position Staff is taking represents a significant shift in economic policy for the State of Kansas. Such changes should not be made lightly. Rate design proposals without any cost support, designed ostensibly to promote a self-defined policy objective of conservation is not in the interests of KCP&L, its customers, the communities served by KCP&L, or the state of Kansas. I will discuss conservation later in my testimony. However, the Commission should not consider such radical policy decisions absent a

thorough investigation in a generic docket, particularly where, as here, the proposed rate design changes are not supported by the Company's cost to serve its customers.

**Q: Please describe CURB's rate design proposal.**

A: CURB is proposing a revenue requirement increase of 1.54% that is allocated on an equal percentage to the aggregate rate classes. CURB is also proposing changes to the Company's Residential and Small General Service rates. The redesign consists of a number of different methods depending on each rate class and each tariff. For example, for all Residential customers in sub-classes Rate A through E, CURB proposes splitting the monthly summer rate into two billing blocks. CURB recommends the first billing block cover the first 1,000 kWhs and a new second billing block for use over 1,000 kWhs. This is similar to Staff's summer blocking proposal. CURB recommends that the first block rate be lowered from the existing summer rate and a significantly higher price be applied to the new second billing block. The proposed difference in rates from the first billing block to the second billing block is 21%.

**Q: Does CURB provide any cost justification for such a change in the rate design of the summer period for residential customers?**

A: No. No study was prepared or presented that would justify the inverted rate recommended by Mr. Kalcic. As I previously stated, the summer residential rate is a flat energy rate plus a customer charge. Mr. Kalcic would propose an inverted rate, which places a significant amount of risk on the Company and potentially decreases customer satisfaction.

**Q: What do you mean by the phrase "risk on the Company" and what do you mean by decreased "customer satisfaction"?**

A: By using an inverted rate structure for the summer residential class, the Company's revenues will be more at risk due to economic and weather conditions. If we have a mild summer, the Company will receive substantially lower revenues to support its investments. If we were to experience a hot summer, the Company would potentially earn substantially more revenues. These changes would likewise hit customers and may result in substantial customer dissatisfaction. I am not an advocate of inverted rates because of these reasons and as I understand, inverted rates have not proven to accomplish expected benefits to either the customer or the Company.

**Q: Please explain Mr. Kalcic's winter rate proposal.**

A: For the winter rates, CURB is proposing to eliminate the declining rates between the first and second billing blocks for Rates A and C and decrease the difference in billing blocks for Rates B, D and E. When including CURB's proposed revenue requirement increase, winter rates for some of the sub-classes could see increases as high as 20.88% to 23.19% (See Kalcic Schedule BK-2).

**Q: Does CURB provide any cost justification, or study for such a change in the rate design of the winter period for residential customers?**

A: No. No study was prepared or presented that would justify Mr. Kalcic's proposed changes in rate design. I believe that his proposal will result in further dissatisfaction of customers when combined with his summer rate design proposal.

**Q: Please explain Mr. Kalcic's proposals for the Small General Service class.**

A: CURB recommends changes to the Small General Service sub-classes, where they recommend rate changes to each tariff component ranging from a decrease of 1.09% per kWh to an increase of 18.73% per kWh.

**Q: Please describe MUUG's rate design proposal.**

A: MUUG supports the Company's filed rate design proposal in both its Direct and Cross-Answering Testimonies.

**Q: Please describe KGS's rate design testimony.**

A: KGS witness Paul H. Raab proposes that the Commission close the availability of Residential Rates B and C to new customers. These rates are for residential customers with electric water heating, Rate B, and customers with electric space heating, Rate C. As noted above, Residential Rates D and E are for customers with separate meters for space heating and water heating and are presently frozen to premises connected prior to January 1, 2007. KGS also proposes that the winter rates for Residential Rates B through E be increased ranging from an increase of 5.4% for Rate B to 19.86% for Rate C.

KGS witness David N. Dittemore proposes that the Residential Winter Rates B and C be frozen to new customers, subject to the winter rate changes proposed by Mr. Raab, while the Commission deliberates fuel switching in Docket No. 09-GIMX-160-GIV.

**Q: Does KGS provide any cost justification, or study for such a change in the rate design of the winter period for residential customers?**

A: No. No study was prepared or presented that would justify the proposed changes in rate design. I believe that this proposal will result in the dissatisfaction of customers.

**Q: What testimony did Atmos Energy file regarding rate design?**

A: Atmos Energy witness Gary W. Milligan proposes that the Commission "rescind the discounted tariffs" in the Residential winter rates so that customers pay the same for electricity whether they heat their homes or heat their water with electricity or natural gas.

**Q: Does Atmos Energy provide any cost justification, or study for such a change in the rate design of the winter period for residential customers?**

A: No. No study was prepared or presented that would justify the proposed changes in rate design. I believe that the proposal will result in dissatisfaction of customers.

**Q: Please describe your concerns with Staff's and CURB's approach and methodology.**

A: Staff's and CURB's proposed rates are very aggressive and would create excessive rate shock for customers in particular sub-classes. As I noted earlier, two of Staff's proposed sub-class winter rates would increase by 31.1% and 34.1% which, based on the Company's billing determinants, over 54,000 Residential customers are served on these rates. Two of CURB's proposed sub-class winter rates would increase by 20.88% and 23.19% for this same set of customers. The increase to Staff's and CURB's redesigned winter rates do not take into account the Company's 11.5% requested revenue requirement in this proceeding. Staff's and CURB's testimony does not explore the full impact of its proposed rate design. The proposals have not addressed the scrutiny that needs to occur to make such radical changes in rate design. The current rate design was developed about ten years ago originating in an earlier rate case and was ultimately concluded through a structured and separate proceeding that took over a year to complete. The separate proceeding provided the parties an opportunity to focus their effort on the

rate design effort. It addressed numerous areas such as rate switching, customer impacts and many other factors.

Staff's and CURB's testimony does not explore the disruption of the relationship between the Small and Medium General Service classes, leading to the potential rate switching impact of their proposals. A similar situation occurred in Docket No. 07-KCPE-905-RTS where an isolated adjustment was made to the Large Power Class, breaking the relationship to the adjacent Larger General Service Class. As a result of the relationship change, all but three of KCP&L's Large Power Kansas customers abandoned the rate. The rate switching that occurred resulted in a loss to the Company of over $1 million on an annual basis until the next rate case could address the loss. Changes made to only one part of the Company's rate structure are likely to jeopardize the relationship with the other unchanged rates.

It is my opinion that Staff's and CURB's recommendation of an inclining (inverted) block design is based on flawed objectives, is not supported by any cost study or by any study of the impact on individual customer bills or impact on the Company's ability to earn its authorized return. Inclining block structures will fundamentally alter the nature of our rates. Therefore, many details must be evaluated to be certain the change will provide the desired impacts. Inverted block pricing will directly impact the ability of the Company to recover its prudently incurred costs through its rates by placing much of the revenues needed by the Company in its revenue requirement in the tail block of its rates, the first block to be impacted if the design were successful in reducing energy consumption. Making such a change would substantially increase the risk of the

Company to earn a reasonable rate of return and will almost certainly result in lost revenue without thorough consideration of all rate structure elements.

I further believe that both Staff and CURB's approach to the inverted summer rate structure to induce energy conservation is like taking a sledgehammer to force change. Such an approach would mark a significant change in economic policy for the state of Kansas. It would be difficult to explain to a customer that a rate design change has increased their rates by 30 or more percent, not because it costs more to provide electricity, but because someone determined that conservation-based pricing was good for them. The Company has for the last four to five years been diligently pursing energy efficiency through programs designed to encourage customers to reduce energy in the right way. KCP&L believes that empowering customers to use energy wisely, more efficiently is preferable to forcing conservation upon them through pricing. Moreover, the effects of trying to force customers to use less through pricing may not achieve the desired results and conservation-based pricing is not a policy the Commission should adopt without a complete and thorough review in a generic docket.

**Q: What is the Company's position if the Commission were to approve Staff and CURB's proposals to add inclining blocks to the summer rates in this case?**

A: This rate case is not the time to subject customers to this level of rate design change proposed by Staff and CURB. However, if the Commission were to approve adding inclining blocks to the summer rates over the Company's objection then we respectfully ask the Commission to increase the Company's Return on Equity by 25 basis points to account for the increased risk being placed on the Company. However, it is bad policy and even more so absent any cost justification or economic policy justification.

**Q: Please describe your concerns with KGS and Atmos Energy's approach and methodology.**

A: KGS's proposed rate changes are focused only on Residential winter rates and are very aggressive and would create excessive rate shock for customers in a few of the sub-classes. Two of KGS's proposed winter rate changes would lead to increases of 18.44% and 19.86% which based on the Company's billing determinants; over 44,000 customers are served on these rates. The increase to KGS's redesigned winter rates do not take into account the Company's 11.5% requested revenue requirement.

KGS's testimony does not explore the full impact of its proposed changes to the Residential winter rates. The proposals have not addressed the scrutiny that needs to occur to make such radical changes in rate design nor has KGS presented any evidence to support it proposal.

Other than asking the Commission "rescind the discounted tariffs" in the Residential winter rates Atmos Energy does not provide any other detail about its proposal.

Both KGS and Atmos Energy have ulterior motives, a direct economic incentive to prevent KCP&L from providing cost-based rates for customers who use electricity to heat their homes. Increasing the electric prices for new or existing customers who utilize electricity for space heating without any cost justification will likely result in less sales of electricity and more natural gas sales for both KGS and Atmos Energy.

It is also important to note that outside of KGS and Atmos Energy, two natural gas companies that also provide service within KCP&L's service territory, there were no builders, developers or HVAC dealers that intervened in this rate case pursing rate design

changes, especially proposing freezing any additional rates. One would assume that if there was a large public outcry to freeze certain rates that there may have been more interest in this case other than those with obvious self interest, such as, the natural gas companies

**Q: Mr. Kalcic and Dr. Glass also discuss the need to implement rate designs that promote energy efficiency and conservation. What is your response?**

A: Regarding energy efficiency, KCP&L was an active participant in the *General Investigation Regarding Benefit-Cost Analysis and Program Evaluation for Energy Efficiency Programs*, Docket No. 08-GIMX-442-GIV. In that proceeding, KCP&L testified that it sees value in offering energy efficient rate designs to customers. However, I do not consider either Staff or CURB's proposed rate designs as energy efficiency or demand response rates, but instead more directed toward forcing conservation. Any pricing structures should be designed to complement energy efficiency and demand response programs and provide customers with an additional means for controlling energy consumption.

Conservation is defined as preserving scarce resources and is characterized by less comfort, inconvenience, less production, and less economic growth. An example would be arbitrarily adding inclining blocks to Residential summer rates. Some customers would ultimately shut-off their air conditioners and suffer through the heat. Conservation may be beneficial in the short run, but it is not in and of itself economic for the utility industry or the nation and unlike energy efficiency it will result in a decline in growth of local, regional, and national economies.

The Company does make a distinction when rate designs are offered in the name of efficiency or conservation and do not consider the total economic impact of their design. If the rate design focuses simply on inducing customers to reduce consumption through punitive rates or rates that do not reflect the cost of service, then the Company would raise its concern. The Company believes that designs failing to consider the full, total economic impact of their design will increase the cost of electricity and serve to drive negative growth in our area, impacting our customers and communities.

**Q: What about freezing some of the rates to new customers as proposed by KGS and Atmos Energy?**

A: As demonstrated in Mr. Normand's CCOS study there should be a price differential in the winter rates for providing service to the Residential sub-classes, which should be addressed when implementing rate design changes as proposed above. However, it is not appropriate to deny new customers the right to sign up for rates that may be more beneficial to them for the convenience or profitability of the natural gas companies. While this proceeding is underway many customers are making economic decisions regarding their heating and cooling systems. Federal incentives have increased customer interest in such investments. Many will upgrade to more efficient systems, expecting to benefit from the new technology and the associated electric rates. To arbitrarily freeze those rates will deny those customers that opportunity.

**Q: Other than recommending that its rate increase be allocated on an equal percentage basis to all tariffs what is KCP&L's position on rate design?**

A: Significant changes to existing rate structures or the addition of dramatically different rates can have a material impact on the rates paid by individual customers and the

revenues received by the Company. The best forum to advance significant rate design changes, including the integration of rate designs that will complement energy efficiency, is through a dedicated rate design case. The Company recommends this effort should wait until the Comprehensive Energy Plan rate cases are complete. This would provide suitable time to complete a study of this magnitude and would not mix the effort with revenue-related issues. An alternative would be to address rate design in the abbreviated rate case scheduled to follow this case. The abbreviated rate case should be closer to revenue neutral, which would mitigate the differing positions on revenue to focus on revenue neutral changes to rate design.

Additionally, there is considerable effort underway to better define the Commission's energy policies. The Dynamic Pricing Project and the fuel switching investigation under way in Docket No. 09-GMIX-160-GIV will provide additional detail useful in establishing rate design goals. It would be beneficial to allowing the Dynamic Pricing Project and the fuel switching docket to conclude before making substantial changes in rate design that may be impacted by their outcomes.

Finally, if and when changes to rate design are implemented the Company believes the CCOS study filed in the Direct Testimony of Company witness Paul M. Normand should be used to adjust revenue requirements to match the costs to serve the customer classes and sub-classes. Mr. Normand's study demonstrates the time-differentiated cost causation by the classes and sub-classes. This should be the basis used to adjust customer rates when addressing under-earning or over-earning of the summer and winter rates.

**Q: What is the Company's position if the Commission moves forward with significant rate design in this case?**

A: I believe there is reasonable justification for conducting rate design after the Comprehensive Energy Plan cases are completed. However, if the Commission were to move forward in this case we believe the information provided by the Normand study clearly identifies an alternative. Based on the cost data offered in the Normand study, Residential General Use rates in the winter are too high and Residential Heating rates in the winter are too low. The remaining rate components are relatively close to cost. (see Schedule TMR2010-4).

Using the Normand information and our rate design considerations (Revenue Stability and Risk Mitigation, Implement Cost-based Rates, Minimize Customer Dissatisfaction, Simplify the Structure, and Consider Technology Issues) an alternative would be to move the Residential winter rates closer to cost with revenue-neutral adjustments to the remaining components. The other classes will remain unchanged. Our alternative includes the 11.5% requested revenue requirement and is summarized in Schedule TMR2010-5.

**Q: What are the benefits of this alternative as compared to those offered by the other parties?**

A: This alternative speaks to the overwhelming issue offered by the other parties, which is the differential between General Use and Heating within the Residential class. Further, it represents a cost-based, gradual move that would be better received by customers than the more extreme proposals offered by the other parties.

## III. STREETLIGHT OFFERINGS

**Q: You recommended several changes to rate tariffs for municipal street lighting and municipal controls in your Direct Testimony. Did Staff or any other party take issue with these recommendations?**

A: No. Neither Staff nor any other intervening party introduced testimony regarding these recommendations. I request that the Commission approve them.

**Q: Were there other street lighting tariff recommendations introduced in the Direct Testimony filed by other parties in this rate case?**

A: Yes, the International Dark Sky Association ("IDA") proposed changes to the Company's tariffs to include a rate for turning streetlights, ornamental street lighting, and private unmetered protective lighting off from midnight to 6:00 a.m. IDA also requested that the Company add the option of a 50-watt high pressure sodium lamp to its tariffs. Company witness William P. Herdegen, III will address the IDA recommendations in his Rebuttal Testimony.

## IV. RULES AND REGULATIONS

**Q: You recommended a change to the Company's Kansas Rules and Regulations in your Direct Testimony. Did Staff or any other party take issue with this recommendation?**

A: No. Neither Staff nor any other intervening party introduced testimony regarding this recommendation. KCP&L requests that the Commission approve replacing the word "unmetered" with "unauthorized" within KCP&L's Rule 6.10 on Sheet 52, Tampering with Company Facilities.

**Q: Does that conclude your testimony?**

A: Yes, it does.

**BEFORE THE STATE CORPORATION COMMISSION**
**OF THE STATE OF KANSAS**

| | | |
|---|---|---|
| In the Matter of the Application of Kansas City Power & Light Company to Modify Its Tariffs to Continue the Implementation of Its Regulatory Plan | ) ) ) | Docket No. 10-KCPE-415-RTS |

**AFFIDAVIT OF TIM M. RUSH**

**STATE OF MISSOURI** )
) **ss**
**COUNTY OF JACKSON** )

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of twenty-five (25) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Tim M. Rush

Subscribed and sworn before me this 23rd day of July, 2010.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4, 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200

**KCP&L's Current Residential Rates - Does Not Include 11.5% Revenue Requirement Increase**

| | Rate A General Use Only | Rate B General Use w/ Water Heat 1-Meter Rate | Rate C General Use w/ Space Heat 1 - Meter Rate | Frozen Rate* Rate D General Use w/ Space Heat Separate Meter | Frozen Rate* Rate E General Use w/ Space Heat w/ Water Heat Separate Meter | Time of Day |
|---|---|---|---|---|---|---|
| Monthly Customer Charge (Summer/Winter) | $ 9.07 | $ 9.07 | $ 9.07 | $ 11.27 | $ 11.27 | $ 13.25 |
| Summer Energy Charge per kWh: | | | | | | |
| 0 - 1,000 | $ 0.08899 | $ 0.08899 | $ 0.08899 | $ 0.08899 | $ 0.08899 | |
| Excess over 1,000 | $ 0.08899 | $ 0.08899 | $ 0.08899 | $ 0.08899 | $ 0.08899 | |
| On-Peak | | | | | | $ 0.14847 |
| Off-Peak | | | | | | $ 0.06199 |
| Separately Metered Space Heat | | | | $ 0.08899 | $ 0.08899 | |
| Winter Energy Charge per kWh: | | | | | | |
| 0 - 1,000 | $ 0.08037 | $ 0.05177 | $ 0.05211 | $ 0.07774 | $ 0.04903 | $ 0.06481 |
| Excess over 1,000 | $ 0.08003 | $ 0.0791 | $ 0.03908 | $ 0.07694 | $ 0.07351 | $ 0.06481 |
| Separately Metered Space Heat | | | | $ 0.03758 | $ 0.03758 | |
| Approximate Average # of Customers | 149,400 | 3,741 | 42,957 | 1,366 | 11,183 | 61 |

*Limited to premises connected prior to January 1, 2007

Schedule TMR2010-3

**KCP&L Residential Customer Characteristics**

| | Rate A<br>Gen Use | Rate B<br>Gen Use-Wtr Ht | Rate C<br>Gen Use - SpHt | Rate D*<br>Gen Use - SpHt-2mtrs | Rate E*<br>Gen Use - Wtr/SpHt-2mtrs | Time of Day | Total Res |
|---|---|---|---|---|---|---|---|
| Approximate Average # of Customers | 149,400 | 3,741 | 42,957 | 1,366 | 11,183 | 61 | 208,708 |
| **Present Rates:** | | | | | | | |
| Cents per kWh - Summer | 10.6 | 10.6 | 10.8 | 11.4 | 11.2 | 10.1 | 10.6 |
| Cents per kWh - Winter | 10.8 | 8.4 | 6.8 | 7.8 | 6.6 | 9.9 | 9.2 |
| Cents per kWh - Annual | 10.7 | 9.2 | 8.1 | 8.9 | 7.9 | 10.0 | 9.8 |
| kWh per customer - Summer | 1,427 | 1,285 | 1,330 | 1,075 | 1,259 | 1,493 | 1,393 |
| kWh per customer - Winter | 872 | 1,088 | 1,380 | 1,239 | 1,695 | 1,027 | 1,027 |
| kWh per customer - Annual | 1,057 | 1,154 | 1,363 | 1,184 | 1,547 | 1,187 | 1,149 |
| **Equalized Rates Based on CCOS:** | | | | | | | |
| Cents per kWh - Summer | 10.7 | 10.7 | 10.3 | 10.7 | 10.9 | 10.7 | 10.6 |
| Cents per kWh - Winter | 9.8 | 9.1 | 8.3 | 8.4 | 8.0 | 10.1 | 9.2 |
| Cents per kWh - Annual | 10.2 | 9.7 | 9.0 | 9.1 | 8.8 | 10.3 | 9.8 |
| % of change - Summer | 1.1% | 0.7% | -3.7% | -5.0% | -2.2% | 4.6% | 0.0% |
| % of change - Winter | -7.5% | 6.7% | 19.0% | 6.9% | 17.7% | 1.6% | 0.0% |
| % of change - Annual | -3.6% | 4.2% | 9.4% | 2.4% | 10.2% | 2.9% | 0.0% |

This summary is from Paul Normand's Cost of Service Study, Schedule PMN-3 (includes fuel and energy efficiency)

**Frozen 2 metered rates limited to premises connected prior to January 1, 2007*

**KCP&L's Proposed Residential Rates - Includes Rate Design Changes and 11.5% Revenue Requirement Increase**

| | Rate A General Use Only | Rate B General Use w/ Water Heat 1-Meter Rate | Rate C General Use w/ Space Heat 1 - Meter Rate | Frozen Rate* Rate D General Use w/ Space Heat Separate Meter | Frozen Rate* Rate E General Use w/ Space Heat w/ Water Heat Separate Meter | Time of Day |
|---|---|---|---|---|---|---|
| Monthly Customer Charge (Summer/Winter) | $ 10.48 | $ 10.48 | $ 10.48 | $ 10.48 | $ 10.48 | $ 14.77 |
| Summer Energy Charge per kWh: | | | | | | |
| 0 - 1,000 | $ 0.10104 | $ 0.10104 | $ 0.10104 | $ 0.10104 | $ 0.10104 | |
| Excess over 1,000 | $ 0.10104 | $ 0.10104 | $ 0.10104 | $ 0.10104 | $ 0.10104 | |
| On-Peak | | | | | | $ 0.16551 |
| Off-Peak | | | | | | $ 0.06911 |
| Separately Metered Space Heat | | | | $ 0.10104 | $ 0.10104 | |
| Winter Energy Charge per kWh: | | | | | | |
| 0 - 1,000 | $ 0.07803 | $ 0.07023 | $ 0.07023 | $ 0.07803 | $ 0.07023 | $ 0.07225 |
| Excess over 1,000 | $ 0.07803 | $ 0.07803 | $ 0.06131 | $ 0.07803 | $ 0.07803 | $ 0.07225 |
| Separately Metered Space Heat | | | | $ 0.06131 | $ 0.06131 | |
| Typical Bill Impact | | | | | | |
| Based on ave. bill per rate | 6.08% | 22.09% | 24.32% | 16.15% | 29.44% | 11.48% |
| Approximate Average # of Customers | 149,400 | 3,741 | 42,957 | 1,366 | 11,183 | 61 |

*Limited to premises connected prior to January 1, 2007

Schedule TMR2010-5

## CERTIFICATE OF SERVICE

15-KCPE-116-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 18th day of June, 2015, to the following parties:

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