

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

DIRECT TESTIMONY OF

BRADLEY D. LUTZ

**ON BEHALF OF
KANSAS CITY POWER & LIGHT COMPANY**

**IN THE MATTER OF THE APPLICATION OF
KANSAS CITY POWER & LIGHT COMPANY
TO MAKE CERTAIN CHANGES IN
ITS CHARGES FOR ELECTRIC SERVICE**

DOCKET NO. 14-KCPE-272 -RTS



DEC 09 2013

by
State Corporation Commission
of Kansas

1 **I. INTRODUCTION AND PURPOSE**

2 **Q: Please state your name and business address.**

3 A: My name is Bradley D. Lutz. My business address is 1200 Main Street, Kansas City,
4 Missouri 64105.

5 **Q: By whom and in what capacity are you employed?**

6 A: I am employed by Kansas City Power & Light Company ("KCP&L" or "Company") as a
7 Manager – Regulatory Affairs.

8 **Q: What are your responsibilities?**

9 A: My general responsibilities are to provide support for the Company's regulatory activities
10 in the Missouri and Kansas jurisdictions. Specifically my duties include class cost of
11 service ("CCOS") support, rate design, tariff management, filing preparation,
12 participation in regulatory rulemakings, and compliance reporting. I also manage certain
13 analytical activities for the department including docket management system

1 administration, rate change implementation, billing determinant calculation, and retail
2 revenue calculation.

3 **Q: What is the purpose of your testimony?**

4 A: The purpose of my testimony is to (i) verify that the Company satisfied the State
5 Corporation Commission of the State of Kansas' ("Commission" or "KCC") minimum
6 filing requirements ("MFR") under Kansas Administrative Regulations ("K.A.R.")
7 82-1-231 for this rate case (see Schedule BDL-1); (ii) sponsor the retail revenues used in
8 this filing which reflects the annualized and normalized revenue level for KCP&L's
9 Kansas jurisdiction, and (iii) propose changes to KCP&L's current rate tariffs consistent
10 with this revenue requirement increase request as set forth in Schedule BDL-2.

11 **Q: Before addressing these items in more detail, please describe your education,
12 experience and employment history.**

13 A: I hold a Master of Business Administration from Northwest Missouri State University
14 and a Bachelor of Science degree in Engineering Technology from Missouri Western
15 State University.

16 I joined KCP&L in August 2002 as an Auditor in the Audit Services Department.
17 I moved to the Company's Regulatory Affairs group in September 2005 as a Regulatory
18 Analyst where my primary responsibilities included support of our rate design and class
19 cost of service efforts. I was promoted to my current position in November 2010.

20 Prior to joining KCP&L, I was employed by the St. Joseph Frontier Casino for
21 two years as Information Technology Manager. Prior to St. Joseph Frontier Casino, I
22 was employed by St. Joseph Light and Power Company for nearly 14 years. I held
23 various technical positions at St. Joseph Light and Power Company, including

1 Engineering Technician-Distribution, Automated Mapping/Facilities Management
2 Coordinator, and my final position as Senior Client Support Specialist-Information
3 Technology.

4 **Q: Have you previously testified in a proceeding before the Kansas Corporation**
5 **Commission (“Commission” or “KCC”)?**

6 A: Yes. I testified before the Commission on rate design issues in Docket No. 12-KCPE-
7 764-RTS (the “764 Docket”). Further, I have provided written testimony in Docket Nos.
8 07-KCPE-905-RTS and 09-KCPE-246-RTS supporting the Company’s CCOS studies.

9 **II. MINIMUM FILING REQUIREMENTS**

10 **Q: What is the purpose of this part of your testimony?**

11 A: The purpose of this part of my testimony is to confirm that KCP&L has satisfied the
12 Commission’s MFR, as set forth in K.A.R. 82-1-231 and the special considerations
13 involved with an abbreviated rate docket.

14 **Q: How did KCP&L satisfy the MFR?**

15 A: As discussed in the Direct Testimony of KCP&L witness Mr. Darrin R. Ives, because this
16 is an abbreviated rate case, KCP&L adopted the required regulatory procedures,
17 principles, and rate of return established by the Commission in its Order in the
18 764 Docket. Therefore, much of the MFR requirement information has not changed from
19 that filed in the 764 Docket. For those items, Schedule BDL-1 simply references back to
20 the 764 Docket. For items required to change with the filing of this Application, KCP&L
21 prepared the following information to address the specific requirements of each section of
22 the MFR as outlined in K.A.R. 82-1-231(c)(4):

- 23
- Application, letter of transmittal, and authorization

- 1 ▪ General information and publicity, including:
 - 2 ○ the amount of proposed aggregate annual increase and percentage
 - 3 over current revenues;
 - 4 ○ the average change requested in dollars and percentage change
 - 5 from current rates;
 - 6 ○ a summary of reasons for the proposed changes; and
 - 7 ○ press releases relative to the filing.
- 8 ▪ Model schedules
- 9 ▪ Portions of Summary of Adjustments
- 10 ▪ Summary of Revenue by Customer Class Utilizing Existing and Proposed
- 11 Tariffs
- 12 ▪ Existing Proposed Revenue and Related Statistics by Filed Tariffs
- 13 ▪ Rate Change Schedules
- 14 ▪ Rules and Regulations

15 Please refer to Schedule BDL-1 for details concerning the source of each filing
16 requirement and those included by reference to the 764 Docket.

17 **III. ANNUALIZED/NORMALIZED REVENUES**

18 **Q: Please describe the retail revenues used in this filing.**

19 A: The base retail revenues used as a starting point in this case represent the retail revenues
20 established in compliance with the 764 Order. For this filing, the revenues from the
21 764 Docket are being used to calculate the revenue shortfall and the associated billing
22 determinants from the 764 Docket are being used to set the rates.

1 **Q: Were the retail revenues used in this filing reviewed and verified by you?**

2 A: Yes, they were.

3 **IV. RATE DESIGN**

4 **Q: Are you recommending changes to the rate design based on a CCOS study filed in**
5 **this case?**

6 A: No. A new CCOS study was not an item identified for this abbreviated rate case in the
7 Partial Settlement Agreement in the 764 Docket.¹ As such, KCP&L is proposing that the
8 increase requested in this filing be applied to all customer classes on an equal percentage
9 basis. A summary of the proposed increase to rates is found in Schedule BDL-2. The
10 typical residential customer will experience an increase of approximately \$2.35 per
11 month and a typical small commercial customer will experience an increase of \$6.10 per
12 month under these proposed rates.

13 **Q: What is a typical customer?**

14 A: A typical customer is a representation of average customer consumption used for the
15 purpose of communicating the impact of the proposed increase. I average the seasonal
16 usage within the Residential and Small General Service rates having the largest number
17 of customers. For this case, an average household uses 1490 kWh in a summer month
18 and 800 kWh in winter month. An average small commercial customer uses 1637 kWh
19 in a summer month and 1102 kWh in a winter month. I then calculate the annual electric
20 expense associated with that consumption, allowing me to calculate the impact.

¹ See Partial Settlement Agreement, Attachment A to the 764 Order, at pp. 7-8.

1 **Q: In the 764 Docket different increases were proposed for the various classes and**
2 **rates. Why wouldn't similar proposals be made as part of this filing?**

3 A: As noted above, no CCOS study was required or prepared for this abbreviated rate case.
4 The rate designs proposed in the 764 Docket, based upon the CCOS study prepared as
5 part of that docket, were unique to that proceeding and subsequent, similar changes in
6 this docket would not be appropriate. The CCOS study, inter-class revenue shifts, and
7 rate consolidations completed in the 764 Docket achieved their purpose thereby making
8 the conditions that supported their initial proposal no longer applicable. The proposed
9 equal percentage application of the increase to each customer class is the most
10 appropriate method for this docket.

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

12 A: Yes, it does.

Kansas City Power & Light Company		Schedule BDL-1
Minimum Filing Requirements Source Listing		
2013 KS Abbreviated RATE CASE - Direct Filing		
MFR Ref# (Section/Subsection)	Description	Source
1 (i)	KS Application/Transmittal Letter	New Document
2 (i)	Amount of Proposed Aggregate Annual Revenue Increase	New Document
2 (ii)	Names of Communities Affected	Refer to 12-KCPE-764-RTS filing
2 (iii)	Number and Classification of Customers to be Affected	Refer to 12-KCPE-764-RTS filing
2 (iv)	Average Dollar/Cents Per Customer Increase Sought	New Document
2 (v)	Summary of Reasons for Filing the Application	New Document
2 (vi)	Related Press Releases Issued Prior to / at the Time of Filing	New Document
4 (ii)	Historical Plant in Service by Primary Accounts	Refer to 12-KCPE-764-RTS filing
5 (ii)	Historical Accumulated Reserve for Depreciation	Refer to 12-KCPE-764-RTS filing
6 (ii) 3	Fuel Inventory (from RB-74 work paper)	Refer to 12-KCPE-764-RTS filing
6 (ii) 4	Materials and Supplies (from 601-15-M&S work paper)	Refer to 12-KCPE-764-RTS filing
6 (ii) 5	Prepayments (from RB-50 work paper)	Refer to 12-KCPE-764-RTS filing
7 (i), (ii) & (iv)	Capital Structure (from Cost of Capital work paper)	Refer to 12-KCPE-764-RTS filing
7 (iii)	Historical Interest Coverage	Refer to 12-KCPE-764-RTS filing
8 (i)	Comparative Balance Sheets	Refer to 12-KCPE-764-RTS filing
8 (ii)	Comparative Statements of Income & Retained Earnings	Refer to 12-KCPE-764-RTS filing
8 (iii)	Operating Revenue & Expenses by Primary Account	Refer to 12-KCPE-764-RTS filing
8 (iv)	Sales of Electricity by Rate Schedule	Refer to 12-KCPE-764-RTS filing
8 (v)	Annual Payroll by Primary Account	Refer to 12-KCPE-764-RTS filing
11 (v)	Deferred Investment Tax Credits - 10 year Summary	Refer to 12-KCPE-764-RTS filing
11 (vi) 2	Deferred Income Tax Reserves - 10 Year Summary	Refer to 12-KCPE-764-RTS filing
Sections 3-7 and 9-12	Model schedules to meet MFR, with index numbers, for MFR Sections 3 through 7 and 9 through 12 (See Exh 13 form Documentation of Rate Case Process)	New Document
Sections 3-6 and 9-11	Portions of Summary of Adjustments to meet MFR, with index numbers for Sections 3 through 6 and 9 through 11	New Document
12 (iv)	Narrative Description of Allocation Ratios	Refer to 12-KCPE-764-RTS filing
13 (i)	Annual Report to Stockholders	Refer to 12-KCPE-764-RTS filing
13 (ii)	Annual Report to the U S SEC - Form 10-K	Refer to 12-KCPE-764-RTS filing
14	Additional Evidence (ECA?)	Refer to 12-KCPE-764-RTS filing
16	Financial Statements (most recent fiscal year-audited)	Refer to 12-KCPE-764-RTS filing
17 Summary	Summary of Rev by Cust Class Utilizing Existing and Proposed Tariffs	New Document
17 (i) - (xii)	Existing Proposed Rev and Related Statistics by Filed Tariffs	New Document
18	Rate Change Schedules	New Document
18	Rules and Regulations	New Document

Schedule BDL-2

KANSAS RESIDENTIAL GENERAL SERVICE			
Direct Filing 2013 Abbreviated Rate Case			
<i>INPUT FOR MODEL</i>			
Cust Chg	Present Rates	Rates With Increase	Proposed Rates
JURISDICTIONAL INCREASE (%)		2.2977%	
CUSTOMER CHARGE			
One Meter	10.48	10.72	10.72
Two Meters	10.48	10.72	10.72
ENERGY CHARGE			
Summer Rate (All Rates less Other Use)			
0-1000	0.10110	0.10342	0.10342
1000+	0.10110	0.10342	0.10342
Other Use			
All kWh	0.13489	0.13799	0.13799
Winter Rates			
General Use (RESA)			
0-1000	0.07805	0.07984	0.07984
1000+	0.07805	0.07984	0.07984
General & W/H (Formerly RESB now RESA)			
0-1000	0.07805	0.07984	0.07984
1000+	0.07805	0.07984	0.07984
General & S/H - 1 Mtr (RESC)			
0-1000	0.07029	0.07191	0.07191
1000+	0.06139	0.06280	0.06280
General Use (RESD)			
0-1000	0.07029	0.07191	0.07191
1000+	0.06139	0.06280	0.06280
General & W/H (Formerly RESE now RESD)			
0-1000	0.07029	0.07191	0.07191
1000+	0.06139	0.06280	0.06280
Other Use			
All kWh	0.10737	0.10984	0.10984
Separately Metered Space Heat			
Summer Rate	0.10110	0.10342	0.10342
Winter Rate	0.06139	0.06280	0.06280
T-O-U (RTOD)			
Customer Charge	14.81	15.15	15.15
Summer On-Peak	0.16570	0.16951	0.16951
Summer Off-Peak	0.06930	0.07089	0.07089
Winter	0.07245	0.07411	0.07411

Schedule BDL-2

KANSAS SMALL GENERAL SERVICE			
Direct Filing 2013 Abbreviated Rate Case			
<i>INPUT FOR MODEL</i>			
Cust Chg	Current Rates	Rates w/ Increase	PROPOSED RATES
JURISDICTIONAL INCREASE (%)		2.2977%	
A: CUSTOMER CHARGE			
Metered Service:			
0-24 KW	17.16	17.55	17.55
25-199 KW	44.86	45.90	45.90
200-999 KW	44.86	45.90	45.90
1001+ KW	44.86	45.90	45.90
Unmetered Service	7.37	7.54	7.54
Separately Metered Space Heat	2.03	2.08	2.08
B: FACILITIES CHARGE			
SECONDARY:			
0-25 KW	-	-	-
26+ KW	2.644	2.706	2.706
PRIMARY:			
0-26 KW	-	-	-
27+ KW	2.237	2.288	2.288
C: ENERGY CHARGE			
SECONDARY-SUMMER:			
0-180 hrs use per month	0.13489	0.13799	0.13799
181-360 hrs use per month	0.05923	0.06059	0.06059
361+ hrs use per month	0.05293	0.05415	0.05415
SECONDARY-WINTER:			
0-180 hrs use per month	0.10737	0.10984	0.10984
181-360 hrs use per month	0.05060	0.05176	0.05176
361+ hrs use per month	0.03990	0.04082	0.04082
PRIMARY-SUMMER:			
0-180 hrs use per month	0.13150	0.13452	0.13452
181-360 hrs use per month	0.05760	0.05892	0.05892
361+ hrs use per month	0.05155	0.05273	0.05273
PRIMARY-WINTER:			
0-180 hrs use per month	0.10461	0.10701	0.10701
181-360 hrs use per month	0.04935	0.05048	0.05048
361+ hrs use per month	0.03880	0.03969	0.03969
SECONDARY-WINTER - ALL ELECTRIC			
0-180 hrs use per month	0.07300	0.07468	0.07468
181-360 hrs use per month	0.04430	0.04532	0.04532
361+ hrs use per month	0.03870	0.03959	0.03959
PRIMARY-WINTER - ALL ELECTRIC			
0-180 hrs use per month	0.07124	0.07288	0.07288
181-360 hrs use per month	0.04316	0.04415	0.04415
361+ hrs use per month	0.03750	0.03836	0.03836
D: SEPARATELY METERED S/H-WINTER			
SECONDARY	0.03990	0.04082	0.04082
PRIMARY		-	
E: REACTIVE DEMAND ADJUSTMENT	0.621	0.635	0.635

Schedule BDL-2

KANSAS MEDIUM GENERAL SERVICE			
Direct Filing 2013 Abbreviated Rate Case			
<i>INPUT FOR MODEL</i>			
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES
JURISDICTIONAL INCREASE (%)		2.2977%	
A: CUSTOMER CHARGE			
0-24 KW	45.98	47.04	47.04
25-199 KW	45.98	47.04	47.04
200-999 KW	45.98	47.04	47.04
1001+ KW	45.98	47.04	47.04
Separately Metered Space Heat	2.15	2.20	2.20
B: FACILITIES CHARGE			
SECONDARY:	2.683	2.745	2.745
PRIMARY:	2.271	2.323	2.323
C: DEMAND CHARGE			
SECONDARY-SUMMER:	3.755	3.841	3.841
SECONDARY-WINTER	1.902	1.946	1.946
PRIMARY-SUMMER	3.675	3.759	3.759
PRIMARY-WINTER	1.865	1.908	1.908
SECONDARY-WINTER - ELEC ONLY	2.609	2.669	2.669
PRIMARY-WINTER - ELEC ONLY	2.553	2.612	2.612
D: ENERGY CHARGE			
<u>SECONDARY-SUMMER:</u>			
0-180 hrs use per month	0.08514	0.08710	0.08710
181-360 hrs use per month	0.05337	0.05460	0.05460
361+ hrs use per month	0.05401	0.05525	0.05525
<u>SECONDARY-WINTER:</u>			
0-180 hrs use per month	0.07624	0.07798	0.07798
181-360 hrs use per month	0.04279	0.04377	0.04377
361+ hrs use per month	0.03601	0.03684	0.03684
<u>PRIMARY-SUMMER:</u>			
0-180 hrs use per month	0.08301	0.08492	0.08492
181-360 hrs use per month	0.05171	0.05290	0.05290
361+ hrs use per month	0.04941	0.05055	0.05055
<u>PRIMARY-WINTER:</u>			
0-180 hrs use per month	0.07450	0.07621	0.07621
181-360 hrs use per month	0.04180	0.04276	0.04276
361+ hrs use per month	0.03290	0.03366	0.03366
<u>SECONDARY-WINTER - ALL ELECTRIC</u>			
0-180 hrs use per month	0.04496	0.04599	0.04599
181-360 hrs use per month	0.02722	0.02785	0.02785
361+ hrs use per month	0.02366	0.02420	0.02420
<u>PRIMARY-WINTER - ALL ELECTRIC</u>			
0-180 hrs use per month	0.04371	0.04471	0.04471
181-360 hrs use per month	0.02647	0.02708	0.02708
361+ hrs use per month	0.02302	0.02355	0.02355
E: SEPARATELY METERED S/H-WINTER			
SECONDARY	0.03399	0.03477	0.03477
PRIMARY	-	-	0.00000
F: REACTIVE DEMAND ADJUSTMENT	0.621	0.635	0.635

Schedule BDL-2

KANSAS LARGE GENERAL SERVICE			
Direct Filing 2013 Abbreviated Rate Case			
<i>INPUT FOR MODEL</i>			
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES
JURISDICTIONAL INCREASE (%)		0.02298	
A: CUSTOMER CHARGE			
0-24 KW	94.60	96.77	96.77
25-199 KW	94.60	96.77	96.77
200-999 KW	94.60	96.77	96.77
1001+ KW	647.00	661.87	661.87
Separately Metered Space Heat	2.08	2.13	2.13
B: FACILITIES CHARGE			
SECONDARY:	2.740	2.803	2.803
PRIMARY:	2.301	2.354	2.354
C: DEMAND CHARGE			
SECONDARY-SUMMER:	5.910	6.046	6.046
SECONDARY-WINTER	3.000	3.069	3.069
PRIMARY-SUMMER	5.800	5.933	5.933
PRIMARY-WINTER	2.935	3.002	3.002
SECONDARY-WINTER - ELEC ONLY	2.730	2.793	2.793
PRIMARY-WINTER - ELEC ONLY	2.680	2.742	2.742
D: ENERGY CHARGE			
<u>SECONDARY-SUMMER:</u>			
0-180 hrs use per month	0.06219	0.06362	0.06362
181-360 hrs use per month	0.04445	0.04547	0.04547
361+ hrs use per month	0.02543	0.02602	0.02602
<u>SECONDARY-WINTER:</u>			
0-180 hrs use per month	0.06235	0.06378	0.06378
181-360 hrs use per month	0.03788	0.03875	0.03875
361+ hrs use per month	0.02830	0.02895	0.02895
<u>PRIMARY-SUMMER:</u>			
0-180 hrs use per month	0.06041	0.06180	0.06180
181-360 hrs use per month	0.04311	0.04410	0.04410
361+ hrs use per month	0.02445	0.02502	0.02502
<u>PRIMARY-WINTER:</u>			
0-180 hrs use per month	0.06041	0.06180	0.06180
181-360 hrs use per month	0.03700	0.03785	0.03785
361+ hrs use per month	0.02760	0.02823	0.02823
<u>SECONDARY-WINTER - ALL ELECTRIC</u>			
0-180 hrs use per month	0.04350	0.04450	0.04450
181-360 hrs use per month	0.02715	0.02777	0.02777
361+ hrs use per month	0.02229	0.02280	0.02280
<u>PRIMARY-WINTER - ALL ELECTRIC</u>			
0-180 hrs use per month	0.04235	0.04332	0.04332
181-360 hrs use per month	0.02625	0.02685	0.02685
361+ hrs use per month	0.02160	0.02210	0.02210
E: SEPARATELY METERED S/H-WINTER			
SECONDARY	0.02850	0.02915	0.02915
PRIMARY			
F: REACTIVE DEMAND ADJUSTMENT	0.621	0.635	0.635

Schedule BDL-2

KS LARGE GENERAL SERVICE (Substation & Transmission Rates)			
Direct Filing 2013 Abbreviated Rate Case			
<i>INPUT FOR MODEL</i>			
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES
JURISDICTIONAL INCREASE (%)		2.2977%	
A: CUSTOMER CHARGE			
	690.70	706.57	706.57
B: FACILITIES CHARGE			
SUBSTATION VOLTAGE	0.730	0.747	0.747
TRANSM VOLTAGE	-	-	-
C: DEMAND CHARGE			
<u>SUBSTATION-SUMMER</u>			
First 2520 kw	10.048	10.246	10.246
Next 2520 kw	9.385	9.571	9.571
Next 2520 kw	6.912	7.071	7.071
All kw over 7560 kw	5.045	5.161	5.161
<u>SUBSTATION-WINTER</u>			
First 2520 kw	6.830	6.965	6.965
Next 2520 kw	6.227	6.350	6.350
Next 2520 kw	4.826	4.938	4.938
All kw over 7560 kw	3.714	3.799	3.799
<u>TRANSMISSION-SUMMER</u>			
First 2541 kw	9.958	10.155	10.155
Next 2541 kw	9.301	9.485	9.485
Next 2541 kw	6.872	7.007	7.007
All kw over 7623 kw	5.016	5.115	5.115
<u>TRANSMISSION-WINTER</u>			
First 2541 kw	6.769	6.903	6.903
Next 2541 kw	6.171	6.293	6.293
Next 2541 kw	4.799	4.894	4.894
All kw over 7623 kw	3.693	3.765	3.765
D: ENERGY CHARGE			
<u>SUBSTATION-SUMMER</u>			
0-180 hrs use per month	0.05169	0.05288	0.05288
181-360 hrs use per month	0.03133	0.03205	0.03205
361+ hrs use per month	0.01813	0.01855	0.01855
<u>SUBSTATION-WINTER</u>			
0-180 hrs use per month	0.04835	0.04946	0.04946
181-360 hrs use per month	0.03414	0.03492	0.03492
361+ hrs use per month	0.02466	0.02523	0.02523
<u>TRANSMISSION-SUMMER</u>			
0-180 hrs use per month	0.05105	0.05222	0.05222
181-360 hrs use per month	0.03094	0.03165	0.03165
361+ hrs use per month	0.01773	0.01814	0.01814
<u>TRANSMISSION-WINTER</u>			
0-180 hrs use per month	0.04784	0.04894	0.04894
181-360 hrs use per month	0.03376	0.03454	0.03454
361+ hrs use per month	0.02426	0.02482	0.02482
F: SEPARATELY METERED SPACE HEAT	0.02571	0.02630	0.02630
E: REACTIVE DEMAND ADJUSTMENT	0.621	0.635	0.635