BEFORE THE 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

DIRECT TESTIMONY OF

BRIAN KALCIC

RE: RESIDENTIAL AND SMALL GENERAL SERVICE RATE STRUCTURE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

June 15, 2010

Q. Please state your name and business address.

A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

Q. What is your occupation?

A. I am an economist and consultant in the field of public utility regulation, and principal of Excel Consulting. My qualifications are described in the Appendix to this testimony.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of the Citizens' Utility Ratepayer Board ("CURB").

Q. What is the subject of your testimony?

A. I will review KCPL's current and proposed residential rate structure. Consistent with the policy position previously advocated by CURB, I will also sponsor an alternative, conservation-oriented residential rate structure to be implemented at the conclusion of this proceeding.

In addition, I will discuss the Company's proposed small general service ("SGS") secondary rate structure, and sponsor changes, where appropriate.

Q. Have you reflected CURB witness Andrea C. Crane's recommended revenue adjustment for KCPL in your alternative rate design proposals?

A. Yes, I have.

Q. Please summarize your primary recommendations.

A. Based upon my analysis of KCPL's filing and discovery responses, I recommend that the Kansas Corporation Commission ("KCC" or "Commission"):

- reject the Company's proposed residential rate design;
- adopt CURB's recommended residential rate design, which would provide a stronger conservation price signal to KCPL's residential customers, while simplifying the Company's existing rate structure;
- reject KCPL's proposed SGS secondary rate design; and
- adopt CURB's recommended SGS secondary rate design, which would eliminate a portion of the excess rate discounts that are applicable to SGS secondary space heating customers.

The specific details associated with the above recommendations are discussed below.

Residential Rate Structure

Q. Mr. Kalcic, please provide a brief description of KCPL's current residential service rate schedules.

A. The Company serves residential customers via six (6) rate schedules: 1) General Use (RES-A); 2) General Use and Water Heat – One Meter (RES-B); 3) General Use and Space Heat – One Meter (RES-C); 4) General Use and Space Heat – Two Meters (RES-D); 5) General Use and Water Heat and Separately Metered Heat – Two Meters (RES-E); and 6) Time of Day Service (TOD).[1]

[1] CURB will not address the Company's Residential TOD tariff.

The majority of KCPL's residential customers (i.e., 71.6%) take service under RES-A. The RES-A rate schedule contains a customer charge, a declining-block winter energy charge, and a flat rate summer energy charge.[2] Approximately 20.6% of residential customers take service on the Company's RES-C space heating rate schedule. The RES-C rate schedule contains a pronounced declining block winter energy charge, with all winter rates reflecting a substantial discount from RES-A. Water heating customers on RES-B and RES-E receive a discount on the first 1,000 kWh of winter consumption, but pay different first-block rates. Finally, the Company offers a discounted space-heating rate to customers on RES-D and RES-E, where space-heating equipment must be connected to a separate meter. Any summer usage that is registered on such separate meters (e.g., air conditioning load from a heat-pump) is billed using KCPL's summer energy charge.

Q. Does the Company propose to revise its residential rate *structure* in this proceeding?

A. No, it does not.

Q. Have you provided a summary of the Company's proposed residential rate design in this case?

A. Yes, I have. The Company's present and proposed residential tariff charges are summarized in Schedule BK-1. As shown in column 4 of Schedule BK-1, KCPL is

[2] The Company has one (1) summer energy charge that is applicable to all residential customers except those taking service on the Residential TOD rate schedule.

proposing to assign a uniform increase of approximately 11.5% to all of its existing tariff charges.

Q. Does CURB agree with the Company's proposed residential rate design in this proceeding?

A. No. As I discuss below, CURB recommends certain revisions to KCPL's residential rate design in order to simplify the Company's existing rate structure and to provide stronger price signals to consumers to conserve electricity. Accordingly, I have prepared an alternative residential rate design for the Commission's consideration in this proceeding.

Q. Why does CURB believe that it is appropriate to implement a more conservation-oriented residential rate structure in this proceeding?

A. CURB's Consumer Counsel informs me that the Commission has the authority to adjust utility rate structures to accomplish desired goals such as conservation. As a matter of public policy, it is CURB's position that the Commission can, and should, encourage conservation by revising existing rate structures to provide stronger conservation-oriented price signals. Many Kansas electric utilities (such as KCPL) are currently involved with extensive capital expenditure programs. Greater conservation, if achieved, will help consumers manage rising electric utility bills in the coming years and delay the need for additional generation units.

Q. Couldn't a significant revision to KCPL's existing rate structure exacerbate the rate increases that will be experienced by certain residential customers?

A. Yes. CURB is cognizant of that possibility. In its comments to the Commission in Docket No. 08-GIMX-442-GIV, CURB stated, in pertinent part:

> [W]ith respect to rate impacts on consumers that may result from adjusting the current rate structure or from moving to real-time pricing, the Commission must also be an active participant in the creation of mechanisms or rate structures that protect the most vulnerable of our citizens. . . . CURB encourages the Commission to join with CURB, the utilities and other intervenors, where appropriate, in finding mechanisms to make sure there are rate protections and affordability programs for our low-income and fixed-income customers. For example, rate design should ensure that the first block of usage remains affordable for all customers. Rate blocks above this first block can be adjusted upward, if necessary.[3]

In other words, CURB finds that an appropriate residential rate design would encourage conservation while at the same time providing a measure of affordability over a "first block" or baseline level of customer usage. Usage in excess of the baseline level would be subject to significantly greater pricing for all customers.

Q. Did CURB consider establishing a *separate* low-income rate schedule to offer rate protection to low-income customers?

A. No. CURB's Consumer Counsel informs me that the Commission rejected the concept of separate low-income assistance rates in Docket No. 04-GIMX-531-GIV, deciding that such rate designs would be impermissibly discriminatory and unduly preferential.[4]

[3] *Comments of the Citizens' Utility Ratepayer Board*, Dec. 21, 2007, pp. 7-8, KCC Docket No, 08-GIMX-442-GIV.

[4] "The Commission has previously determined that low-income assistance rates in the form of pure discounts are impermissibly discriminatory and unduly preferential, and that there is no basis to depart from the prior

Q. Mr. Kalcic, which specific feature(s) of the Company's existing residential rate structure does CURB oppose?

A. CURB opposes the Company's existing declining block energy charges, which are applicable during the winter season for general use (RES-A) and certain space heating (RES-C and RES-D) customers. As currently configured, the Company's tariff provides various discounts for increased consumption, beginning with the 1,001st kWh consumed by a customer during the winter. Such discounts encourage rather than discourage consumption, and thus send the wrong price signal to customers.

CURB also takes issue with the Company's flat rate energy charge in the summer months. In CURB's view, summer energy charges should be redesigned to provide a flat rate for the first 1,000 kWh of consumption, with a higher price applying to all consumption in excess of that level (i.e., a two-step inclining block rate structure) so as to encourage conservation.

Q. Are the Company's current space heating rates consistent across its residential heating subclasses (i.e., RES-C, RES-D and RES-E)?

A. No. As shown in column 1, lines 13-24 of Schedule BK-1, the winter energy charges currently applicable to RES-C, RES-D and RES-E customers vary considerably. Stated differently, the current space heating discounts (from RES-A winter rates) afforded RES-C, RES-D and RES-E customers are not uniform.

determination of the Commission in this regard." *Order Accepting Staff's Report and Recommendation and Closing Docket,* August 31, 2005, ¶ 13, KCC Docket No. 04-GIMT-531-GIV.

Q. Are the current space heating discounts that KCPL provides to RES-C, RES-D and RES-E customers cost justified?

A. Based on KCPL's filed cost-of-service study ("COSS"), they are not. I will examine this issue in detail, later in my testimony.

Q. Mr. Kalcic, does CURB recommend eliminating all of KCPL's declining block winter rates in this proceeding?

A. Yes. As I discuss below, CURB's recommended rate design incorporates this approach. However, RES-D and RES-E customers would continue to pay a lower rate for their separately metered space heating consumption.

Q. Have you prepared a recommended residential rate design and proof of revenue for this proceeding?

A. Yes, in Schedule BK-2.

Q. Please describe Schedule BK-2.

A. Schedule BK-2 consists of six (6) columns. Column 1 contains the revised pro forma billing determinants submitted by KCPL.[5] Column 2 contains the Company's present base rates. Column 3 shows the present revenue that is derived from multiplying KCPL's pro forma billing determinants in column 1 by the present rates shown in column 2. CURB's recommended rates are shown in column 4, and its recommended

[5] CURB witness Andrea Crane adopted the Company's revised level of pro forma revenues in the amount of $478.5 million, as provided in KCPL's response to KCC DR 480. Therefore, CURB is utilizing the Company's revised billing determinants for rate design purposes.

revenue is provided in column 5. Finally, column 6 shows the percentage change in revenues under CURB's recommended rate design.

As shown on line 26, columns 5-6 of Schedule BK-2, CURB's recommended rate design would produce a total KCPL residential base rate revenue requirement of $245.2 million, which equates to a base rate increase of 1.54%.

Q. How did you determine the level of the residential base rate increase shown in line 26 of Schedule BK-2?

A. Ms. Crane is recommending a total KCPL base rate increase of $7.38 million over total current base revenues of $478.5 million, or an increase of 1.54%. Consistent with the Company's proposal to assign an across-the-board increase to all rate classes, I have assigned a system average increase of 1.54% to KCPL's (aggregate) residential rate class.

Q. How do CURB's recommended residential rates compare to the Company's proposed rates?

A. CURB's recommended residential rate design adopts the Company's approach of assigning a system average increase to customer charges. However, as shown in column 4 of Schedule BK-2, CURB's recommended rates would establish a uniform rate of $0.08037 per kWh covering: a) usage up to 1,000 kWh per month in the summer; and b) all winter usage that is not water heating or space heating related.[6] During the winter season, CURB recommends a *flat* space-heating rate of $0.05768 per

[6] See lines 4, 7, 8, 11, 16, 17, and 22 of column 4 in Schedule BK-2. The rate for the first 1,000 kWh of usage on the RES-B and RES-E rate schedules (as shown on lines 10 and 21 of Schedule BK-2) reflects CURB's recommended water heating discounts.

kWh for all RES-C consumption, and distinct space heating rates for separately metered space-heating customers on Rates RES-D and RES-E. In addition, CURB would establish a uniform water-heating rate of $0.06189 per kWh for the first 1,000 kWh of winter usage for RES-B and RES-E customers. In contrast, the Company's existing winter energy charges exhibit no such internal consistency (with respect to general use, water heating or space heating service) across the residential subclasses.[7]

Finally, column 4, line 5 of Schedule BK-2 shows a summer consumption charge for usage in excess of 1,000 kWh of $0.09726 per kWh. This equates to a conservation-oriented price differential of approximately 1.7¢ per kWh (or a 21.0% increase) over CURB's recommended rate for the 0-1,000 kWh block. Unlike CURB's proposal, the Company is proposing to maintain a *uniform* energy charge applicable to all summer usage rather than move toward a conservation-oriented rate design.

Q. Mr. Kalcic, how did you determine the level of CURB's recommended residential consumption charges shown in column 4, lines 4-25 of Schedule BK-2?

A. CURB's recommended consumption charges were derived via a multi-step process. To begin, I compared: a) the average consumption charge paid by each of the Company's residential subclasses at present rates; to b) each class' cost-based consumption charge, as given by the Company's COSS. This information is summarized in columns (a) and (c), respectively, in Table 1 below.

[7] See column 2 of Schedule BK-1.

Table 1
Present Average Usage Rates versus Equalized ROR Rates

CLASS	*Present Rate ($ / kWh)* *(a)*	*Present % of RES-A Rate* *(b)*	*Equalized ROR ($ / kWh)* *(c)*	*Equalized % of RES-A Rate* *(d)*	*Difference [b – d]* *(e)*
RES-A	$0.08415	100.00%	$0.08951	100.00%	0.00%
RES-B	$0.07076	84.09%	$0.08493	94.88%	-10.79%
RES-C	$0.06031	71.67%	$0.07967	89.01%	-17.34%
RES-D	$0.06526	77.55%	$0.07802	87.16%	-9.61%
RES-E	$0.05606	66.62%	$0.07754	86.63%	-20.01%

Source: Average rates derived from Table 4 in the Direct Testimony of Paul M. Normand & Schedule BK-2.

Columns (b) and (d) of Table 1 show the percentage (ratio) of the average rate paid by each subclass to the average rate paid by RES-A (general use) customers, under each scenario. For example, column (b) shows that RES-B customers presently pay a usage charge that averages 84.1% of the usage charge paid by RES-A customers. However, column (d) of Table 1 shows that RES-B customers *should* be paying a usage charge that averages 94.9% of the usage charge paid by RES-A customers. In other words, the current RES-B discount is 10.8% too high (per column (e)).

Q. Are any of the current discounts applicable to the Company's space heating and/or water heating subclasses cost based?

A. No. Column (e) of Table 1 shows that all such current discounts are excessive, in amounts ranging from 9.6% (RES-D) to 20.0% (RES-E).

Q. Is CURB proposing to eliminate 100% of the Company's excess space heating and water heating discounts in this proceeding?

A. No. In order to mitigate customer rate impacts, CURB recommends that 50% of the excess discounts identified in Table 1 be eliminated in this case. However, CURB recommends that the Commission require KCPL to eliminate all remaining excess space heating and water heating discounts in KCPL's next rate proceeding.

Q. How was the information shown in Table 1 used to develop CURB's recommended residential consumption charges?

A. As previously mentioned, I established a uniform rate of $0.08037 per kWh for usage up to 1,000 kWh per month in the summer, and all winter usage that is not water heating or space heating related.[8] Through an iterative process, I then adjusted the winter consumption rates applicable to RES-B, RES-C, RES-D and RES-E customers so as to eliminate 50% of the existing excess discounts identified in Table 1. Finally, I set the summer consumption charge applicable to usage in excess of 1,000 kWh at the residual level needed to recover CURB's recommended residential revenue requirement.

Q. Do CURB's recommended residential consumption charges reflect the underlying *seasonal* differences in usage charges identified in the Company's COSS?

A. Yes. Table 2 below shows the average seasonal differential in residential usage charges under: a) present rates; b) cost-based rates; and c) CURB's recommended rates.

[8] Note that CURB's recommended rate of $0.08037 per kWh is same as the first block winter rate currently charged to RES-A customers.

As shown in column (a), the Company's present rates equate to an average summer/winter (S/W) ratio of 1.32, i.e., the average summer consumption charge is 1.32 times the average winter consumption charge. Column (b) shows that the cost-based S/W ratio is 1.21, which implies that the Company's existing S/W differential is too high. Column (c) shows that the average S/W ratio under CURB's recommended rate design is 1.20.

Table 2
Average Residential Seasonal Usage Rates

Period	*Present Rates (a)*	*Equalized ROR Rates (b)*	*CURB Rates (c)*
Summer	$0.08899	$0.09595	$0.08568
Winter	$0.06730	$0.07956	$0.07143
S/W Ratio	1.32	1.21	1.20

Source: Average seasonal rates derived from Table 4 in the Direct Testimony of Paul M. Normand & Schedule BK-2.

Q. What information is shown in Table 3 below?

A. Column (d) of Table 3 shows the average discounts applicable to RES-B, RES-C, RES-D and RES-E customers under CURB's recommended rate design. Column (e) shows the difference in the percentage discounts at present rates versus CURB's recommended rates. By comparing column (e) of Table 1 to column (e) of Table 3, one finds that CURB's recommended rate design would eliminate approximately 50% of the current excess discounts received by RES-B, RES-C, RES-D and RES-E customers.

Table 3
Present Average Usage Rates versus CURB Recommended Rates

CLASS	*Present Rate ($ / kWh) (a)*	*Present % of RES-A Rate (b)*	*CURB Rate ($ / kWh) (c)*	*CURB % of RES-A Rate (d)*	*Difference [b – d] (e)*
RES-A	$0.08415	100.00%	$0.08273	100.00%	0.00%
RES-B	$0.07076	84.09%	$0.07403	89.48%	-5.39%
RES-C	$0.06031	71.67%	$0.06647	80.35%	-8.68%
RES-D	$0.06526	77.55%	$0.06814	82.36%	-4.81%
RES-E	$0.05606	66.62%	$0.06339	76.62%	-10.00%

Source: Average usage rates derived from Schedule BK-2.

Q. Have you summarized CURB's recommended increases to the Company's residential subclasses?

A. Yes. Schedule BK-3 shows the residential increases produced by CURB's recommended rate design. As shown in Schedule BK-3, such increases would range from a decrease of 1.40% (for RES-A) to an increase of 11.75% (for RES-E).

Q. Why are CURB's recommended increases to the Company's RES-C and RES-E subclasses so much greater than the overall residential increase of 1.54%?

A. Such increases are driven by the fact that the current space heating discounts enjoyed by RES-C and RES-E customers are not cost justified, i.e., are much too large (see Table 1). CURB's proposal to move such discounts toward (but not to) the cost-based levels shown in KCPL's cost-of-service study ("COSS") causes RES-C and RES-E customers to receive greater than average increases.

Q. Mr. Kalcic, would you please summarize CURB's rate structure recommendations for the Company's residential rate classes?

A. Yes. CURB recommends that the Commission direct KCPL to: a) establish a uniform residential consumption charge that would apply to the first 1,000 kWh of usage per month in the summer and to all winter usage that is not water heating or space heating related; b) reduce the *excess* water heating and space heating discounts currently available to RES-B, RES-C, RES-D and RES-E customers by 50%; c) implement a uniform water-heating rate for all water heating (i.e., RES-B and RES-E) customers; and d) set the consumption charge for summer usage in excess of 1,000 kWh at a level high enough to encourage conservation.

The above rate structure guidelines should be implemented after the Commission has determined both the Company's overall revenue requirement, and individual customer class revenue targets.

SGS Rate Structure

Q. Mr. Kalcic, please provide a brief description of the Company's current SGS rate schedules for secondary voltage service.

A. The Company maintains four (4) secondary SGS rate schedules: a) General Use (SGSS); b) Space Heating – All Electric (SGSSA); c) Separately Metered Space Heat (SGSSH); and d) Unmetered Service (SGSSU). The SGSS and SGSSA rate schedules contain a customer charge (based on the size of the customer's load in kW), a demand

charge and a seasonally differentiated, demand-based declining block energy charge.[9] The SGSSU rate schedule reflects a (single) customer charge and seasonally differentiated, declining block energy charges (i.e., the same seasonal energy charges that apply to SGSS customers). The Company maintains one set of summer energy charges that applies to all SGSS, SGSSA and SGSSH customers. Space heating customers receive non-uniform discounts from the winter energy charges paid by SGSS customers.

Q. Does the Company propose to revise its SGS rate structure in this proceeding?

A. No. As shown in Schedule BK-4, the Company is proposing to assign an across-the-board increase of 11.5% to all of its SGS tariff charges.

Q. Does CURB accept the Company's proposed SGS rate design in this proceeding?

A. No. As discussed below, CURB opposes the Company's proposed SGS rate design since it would exacerbate the levels of the discounts currently received by SGS space heating customers in the winter season.

Q. Are the current space heating discounts that KCPL provides to SGSSA and SGSSH customers cost justified?

A. No, they are not. Table 4 below compares the average rate paid per kWh (excluding customer charges) by each of the Company's SGS subclasses at present rates (column (a)), and at equalized rates of return (column (c)), per KCPL's COSS. Columns (b) and

[9] The Company's declining block energy charges are defined according to "hours use" breakpoints, rather than fixed kWh usage levels. As a result, the higher the SGS customer's load factor, the greater the percentage of the customer's usage that is billed at a lower rate per kWh.

(d) of Table 4 show the percentage (ratio) of the average rate paid by each subclass to the average rate paid by SGSS (general use) customers, under each scenario. Column (e) of Table 4 shows the difference in present and cost-based discounts for each SGS subclass. Since both of the heating-class figures in column (e) are negative, one can conclude that the Company's current SGS heating discounts are excessive, in amounts ranging from 15.0% (SGSSA) to 22.3% (SGSSH).

Table 4
Present SGS Average Rates versus Equalized ROR Rates

CLASS	*Present Rate ($ / kWh)* *(a)*	*Present % of SGSS Rate* *(b)*	*Equalized ROR ($ / kWh)* *(c)*	*Equalized % of SGSS Rate* *(d)*	*Difference [b – d]* *(e)*
SGSS	$0.08944	100.00%	$0.08146	100.00%	0.00%
SGSSA	$0.07415	82.90%	$0.07974	97.89%	-14.99%
SGSSH	$0.07669	85.74%	$0.08802	108.05%	-22.31%

Source: Average rates derived from Table 4 in the Direct Testimony of Paul M. Normand & Schedule BK-5.

Q. Mr. Kalcic, what does the SGSSH ratio of 108.05% in column (d) of Table 4 indicate?

A. Since that figure is greater than 100.0%, it indicates that the average cost to serve SGSSH customers is actually *greater* than that of SGSS customers. In other words, based upon KCPL's COSS, SGSSH should be charged a *premium* (of 8.1%) over and above the amount charged to SGSS customers (column (d)). Instead, SGSSH customers currently receive a 14.3% discount off of the average SGSS rate (column (b)).

Q. Does CURB propose to eliminate 100% of the Company's excess SGS secondary space heating discounts in this proceeding?

A. No. In order to mitigate customer rate impacts, CURB recommends that one-half of the excess SGSSA discounts and one-third of the SGSSU discounts identified in Table 4 be eliminated in this case.

Q. Why does CURB propose to eliminate a greater percentage of the excess SGSSA discount than the SGSSH discount in this proceeding?

A. CURB recommends a slower approach be used for the SGSSH subclass because the magnitude of the excess discount (i.e., 22.3%) currently provided to SGSSH customers is too large to reduce by half in this proceeding. In other words, eliminating 50% of the current SGSSH discount in this case would impose an excessive rate impact on that subclass.

Q. Mr. Kalcic, what SGS rate design does CURB recommend in this proceeding?

A. CURB's recommended SGS rate design is shown in Schedule BK-5. In general, CURB's recommended rate design adopts the Company's approach of assigning a system average increase to non-usage (i.e., customer and demand) charges. However, unlike the Company, CURB does not recommend that an across-the-board increase be applied to all SGS energy charges.

As shown on line 26, columns 5-6 of Schedule BK-5, CURB's recommended rate design would produce a total KCPL SGS secondary base rate revenue requirement of $33.1 million, which equates to a base rate increase of 1.54%.

Q. How did you determine the level of the SGS secondary base rate increase shown on line 26 of Schedule BK-5?

A. I assigned Ms. Crane's recommended system average increase of 1.54% to KCPL's aggregate SGS secondary rate class.

Q. Mr. Kalcic, please discuss how you determined the level of CURB's recommended SGS secondary energy charges shown in column 4, lines 8-24 of Schedule BK-5.

A. As with CURB's residential rate design, CURB's recommended SGS secondary energy charges were derived via a multi-step process. To begin, I applied a uniform increase to the Company's SGSS winter energy charges in order to align the S/W differential in the average SGS secondary rate paid per kWh with the cost-based differential shown in KCPL's COSS. Through an iterative process, I next adjusted the winter consumption rates applicable to SGSSA and SGSSH customers so as to eliminate 50.0% and 33.3%, respectively, of the existing excess discounts identified in Table 4. Finally, I applied the residual increase necessary to recover CURB's recommended SGS secondary revenue requirement to the Company's SGS summer energy charges, in an across-the-board fashion.

Q. What is the average SGS *seasonal* differential underlying CURB's recommended SGS secondary rate design?

A. The average seasonal differential is shown in Table 5 below.

As shown in column (a), the Company's present rates equate to an average S/W ratio of 1.28. Column (b) shows that the cost-based S/W ratio is 1.23. Column (c)

shows that the average S/W ratio under CURB's recommended rate design is set at cost, i.e., a ratio of 1.23.

Table 5
Average SGS Secondary Seasonal Rates

Period	*Present Rates (a)*	*Equalized ROR Rates (b)*	*CURB Rates (c)*
Summer	$0.10235	$0.09259	$0.10127
Winter	$0.07993	$0.07554	$0.08266
S/W Ratio	1.28	1.23	1.23

Source: Average seasonal rates derived from Table 4 in the Direct Testimony of Paul M. Normand & Schedule BK-5.

Q. What information is shown in Table 6 below?

A. Table 6 shows the average discounts available to SGSSA and SGSSH customers under present rates and CURB's recommended rate design. By comparing column (e) of Table 6 to column (e) of Table 4, one finds that CURB's recommended rate design would eliminate approximately 50% of the current excess discounts received by SGSSA customers, and 33.3% of the current excess discount received by SGSSH customers.

Table 6
Present SGS Secondary Average Rates versus CURB Recommended Rates

CLASS	*Present Rate ($ / kWh) (a)*	*Present % of SGSS Rate (b)*	*CURB Rate ($ / kWh) (c)*	*CURB % of SGSS Rate (d)*	*Difference [b – d] (e)*
SGSS	$0.08944	100.00%	$0.09013	100.00%	0.00%
SGSSA	$0.07415	82.90%	$0.08147	90.39%	-7.49%
SGSSH	$0.07669	85.74%	$0.08397	93.17%	-7.43%

Source: Average rates derived from Table 4 in the Direct Testimony of Paul M. Normand & Schedule BK-5.

Q. Have you summarized CURB's recommended increases to the Company's SGS secondary subclasses?

A. Yes. Schedule BK-6 shows that the SGS secondary increases produced by CURB's recommended rate design would range from 0.86% (for SGSS) to 8.72% (for SGSSA).

Q. Mr. Kalcic, would you please summarize CURB's rate design recommendations for the Company's SGS secondary rate classes?

A. Yes. CURB recommends that the Commission direct KCPL to reduce: 1) the current *excess* SGSSA space-heating discount by 50%; and 2) the current *excess* SGSSH space-heating discount by 33.3%. Once again, CURB's rate design guidelines should be implemented after the Commission has determined both the Company's overall revenue requirement, and individual customer class revenue targets.

Q. Should the excess SGSSA and SGSSH discounts that remain after the conclusion of this case be eliminated in KCPL's next rate proceeding?

A. In part. CURB recommends that the Commission require KCPL to eliminate the remaining excess SGSSA discount in its next rate proceeding. However, the excess SGSSH discount that remains after the conclusion of this case should be eliminate over the course of the Company's next two (2) rate cases.

Q. Does this conclude your direct testimony?

A. Yes.

VERIFICATION

STATE OF MISSOURI)
) ss:
COUNTY OF)

I, Brian Kalcic, of lawful age, being first duly sworn upon his oath states:

That he is a consultant for the Citizens' Utility Ratepayer Board; that he has read the above and foregoing Testimony, and, upon information and belief, states that the matters therein appearing are true and correct.

Brian Kalcic

SUBSCRIBED AND SWORN to before me this 11th day of June, 2010.

Notary of Public

My Commission expires:

" NOTARY SEAL "
Janet M. Roseman, Notary Public
St. Louis County, State of Missouri
My Commission Expires 8/10/2010
Commission Number 06429986

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Illinois Benedictine College with a Bachelor of Arts degree in Economics in December 1974. In May 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic was employed by the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice that offers business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas, and also before the Bonneville Power Administration.

SCHEDULES BK-1 THROUGH BK-6

KANSAS CITY POWER & LIGHT COMPANY

Summary of Present and Proposed Residential Base Rates

Line	Description	Present Rates	Proposed Rates	Proposed Increase Amount	Proposed Increase Percent
		(1)	(2)	(3)	(4)
	Customer Charge				
1	One Meter 1/	$9.07	$10.11	$1.04	11.47%
2	Two Meters 2/	$11.27	$12.56	$1.29	11.45%
3	Time of Day	$13.25	$14.77	$1.52	11.47%
	Energy Charge				
	Summer -- All Customers				
4	First 1,000 kWh	$0.08899	$0.09920	$0.01021	11.47%
5	All add'l kWh	$0.08899	$0.09920	$0.01021	11.47%
	Winter				
	General Use - (RES-A)				
6	First 1,000 kWh	$0.08037	$0.08959	$0.00922	11.47%
7	All add'l kWh	$0.08003	$0.08922	$0.00919	11.48%
	Water Heating - (RES-B)				
8	First 1,000 kWh	$0.05177	$0.05771	$0.00594	11.47%
9	All add'l kWh	$0.07910	$0.08817	$0.00907	11.47%
	Space Heating - (RES-C)				
10	First 1,000 kWh	$0.05211	$0.05808	$0.00597	11.46%
11	All add'l kWh	$0.03908	$0.04357	$0.00449	11.49%
	S.H. 2 Meters - (RES-D)				
12	First 1,000 kWh	$0.07774	$0.08660	$0.00886	11.40%
13	All add'l kWh	$0.07694	$0.08577	$0.00883	11.48%
14	Separate Space Heating	$0.03758	$0.04188	$0.00430	11.44%
	W.H./S.H. 2 Meters - (RES-E)				
15	First 1,000 kWh	$0.04903	$0.05466	$0.00563	11.48%
16	All add'l kWh	$0.07351	$0.08195	$0.00844	11.48%
17	Separate Space Heating	$0.03758	$0.04188	$0.00430	11.44%
	Time of Day - (RTOD)				
18	Summer On-Peak	$0.14847	$0.16551	$0.01704	11.48%
19	Summer Off-Peak	$0.06199	$0.06911	$0.00712	11.49%
20	Winter - All Hours	$0.06481	$0.07225	$0.00744	11.48%

Notes:

1/ Applicable to RES-A, RES-B and RES-C.

2/ Applicable to RES-D and RES-E.

KANSAS CITY POWER & LIGHT COMPANY

Schedule BK-2

CURB Recommended Residential Rate Design and Proof of Revenue
(Excludes TOD Customers)

Line	Description	Pro Forma Billing Determinants	Present Rates	Present Revenue	CURB Recomm. Rates	CURB Recomm. Revenue	Percentage Change in Revenues
		(1)	(2)	(3) = (1)*(2)	(4)	(5) = (1)*(4)	(6) = (5)/(3)
	Customer Charge						
1	One Meter	2,353,121	$9.07	$21,342,807	$9.21	$21,672,244	1.54%
2	Two Meters	150,585	$11.27	$1,697,093	$11.44	$1,722,692	1.51%
3	Subtotal	2,503,706		$23,039,900		$23,394,936	1.54%
	Energy Charge						
	Summer						
4	First 1,000 kWh	784,735,372	$0.08899	$69,833,601	$0.08037	$63,069,182	-9.69%
5	All add'l kWh	341,468,765	$0.08899	$30,387,305	$0.09726	$33,211,252	9.29%
6	Subtotal Summer	1,126,204,137		$100,220,906		$96,280,434	-3.93%
	Winter						
	General Use - (RES-A)						
7	First 1,000 kWh	836,688,033	$0.08037	$67,244,617	$0.08037	$67,244,617	0.00%
8	All add'l kWh	218,083,566	$0.08003	$17,453,228	$0.08037	$17,527,376	0.42%
9	Subtotal RES-A	1,054,771,599		$84,697,845		$84,771,993	0.09%
	Water Heating - (RES-B)						
10	First 1,000 kWh	22,596,898	$0.05177	$1,169,841	$0.06189	$1,398,522	19.55%
11	All add'l kWh	10,428,877	$0.07910	$824,924	$0.08037	$838,169	1.61%
12	Subtotal RES-B	33,025,775		$1,994,765		$2,236,691	12.13%
	Space Heating - (RES-C)						
13	First 1,000 kWh	284,031,672	$0.05211	$14,800,890	$0.05768	$16,382,947	10.69%
14	All add'l kWh	193,960,123	$0.03908	$7,579,962	$0.05768	$11,187,620	47.59%
15	Subtotal RES-C	477,991,795		$22,380,852		$27,570,567	23.19%
	S.H. 2 Meters - (RES-D)						
16	First 1,000 kWh	4,889,913	$0.07774	$380,142	$0.08037	$393,002	3.38%
17	All add'l kWh	1,130,336	$0.07694	$86,968	$0.08037	$90,845	4.46%
18	Sep. Space Heating - W	7,625,681	$0.03758	$286,573	$0.04409	$336,216	17.32%
19	Sep. Space Heating - S	1,535,742	$0.08899	$136,666	$0.09726	$149,366	9.29%
20	Subtotal RES-D	15,181,671		$890,349		$969,429	8.88%
	W.H./S.H. 2 Meters - (RES-E)						
21	First 1,000 kWh	54,309,523	$0.04903	$2,662,796	$0.06189	$3,361,216	26.23%
22	All add'l kWh	10,625,310	$0.07351	$781,067	$0.08037	$853,956	9.33%
23	Sep. Space Heating - W	87,594,654	$0.03758	$3,291,807	$0.04685	$4,103,810	24.67%
24	Sep. Space Heating - S	17,141,591	$0.08899	$1,525,430	$0.09726	$1,667,191	9.29%
25	Subtotal RES-D	169,671,078		$8,261,100		$9,986,173	20.88%
26	Total Residential	2,876,846,055		$241,485,717		$245,210,223	1.54%

Source: KCC DR 480

Target $245,210,139
Rounding $84

KANSAS CITY POWER & LIGHT COMPANY
Summary of CURB Recommended Residential Revenue Increases

Line	Description	Present Revenue	Recommended Revenue	Recommended Increase Amount	Recommended Increase Percent
		(1)	(2)	(3)	(4)
	Residential Service				
1	General Use: RES-A	$175,754,772	$173,299,844	($2,454,928)	-1.40%
2	Water Heating: RES-B	$4,072,616	$4,247,957	$175,341	4.31%
3	Space Heating: RES-C	$47,053,747	$51,453,704	$4,399,957	9.35%
4	S.H. 2 Meters: RES-D	$1,451,707	$1,510,413	$58,706	4.04%
5	W.H./S.H. 2 Meters: RES-E	$13,152,875	$14,698,306	$1,545,431	11.75%
6	Total Residential	$241,485,717	$245,210,224	$3,724,507	1.54%

Source: CURB rates times class billing determinants.

KANSAS CITY POWER & LIGHT COMPANY

Summary of Present and Proposed SGS Base Rates -- Secondary Voltage

Line	Description	Present Rates (1)	Proposed Rates (2)	Proposed Increase Amount (3)	Proposed Increase Percent (4)
	Customer Charge				
1	0-24 kW	$15.59	$17.38	$1.79	11.48%
2	25 kW or above	$40.77	$45.45	$4.68	11.48%
3	Add'l Meter 1/	$1.85	$2.06	$0.21	11.35%
4	Unmetered Service	$6.70	$7.47	$0.77	11.49%
	Demand Charge				
5	First 25 kW	$0.000	$0.000	$0.00	-
6	All add'l kW	$2.403	$2.679	$0.28	11.49%
	Energy Charge				
	Summer				
7	First 180 hours use	$0.12256	$0.13663	$0.01407	11.48%
8	Next 180 hours use	$0.05381	$0.05999	$0.00618	11.48%
9	Over 360 hours use	$0.04809	$0.05361	$0.00552	11.48%
	Winter				
	General - (SGSS & SSGSU)				
10	First 180 hours use	$0.09756	$0.10876	$0.01120	11.48%
11	Next 180 hours use	$0.04597	$0.05125	$0.00528	11.49%
12	Over 360 hours use	$0.03625	$0.04041	$0.00416	11.48%
	All Electric - (SGSSA)				
13	First 180 hours use	$0.06632	$0.07393	$0.00761	11.47%
14	Next 180 hours use	$0.04025	$0.04487	$0.00462	11.48%
15	Over 360 hours use	$0.03488	$0.03888	$0.00400	11.47%
	Separate Meter - (SGSSH)				
16	All kWh	$0.03625	$0.04041	$0.00416	11.48%

Notes:

1/ Applicable to customers with separately metered space heating.

KANSAS CITY POWER & LIGHT COMPANY

CURB Recommended SGS Rate Design and Proof of Revenue
(Secondary Service Only)

Line	Description	Pro Forma Billing Determinants	Present Rates	Present Revenue	CURB Recomm. Rates	CURB Recomm. Revenue	Percentage Change in Revenues
		(1)	(2)	(3) = (1)*(2)	(4)	(5) = (1)*(4)	(6) = (5)/(3)
	Non-Usage Charges						
1	Customer 0-24 kW	225,994	$15.59	$3,523,243	$15.83	$3,577,481	1.54%
2	Customer 25 kW +	13,186	$40.77	$537,604	$41.40	$545,911	1.55%
3	Add'l Meter 1/	4,411	$1.85	$8,160	$1.88	$8,293	1.63%
4	Unmetered Service	12,007	$6.70	$80,447	$6.80	$81,648	1.49%
5	Demand First 25 kW	0	$0.00	$0	$0.00	$0	-
6	Demand All add'l kW	276,688	$2.40	$664,881	$2.44	$675,119	1.54%
7	Subtotal			$4,814,335		$4,888,452	1.54%
	Energy Charges						
	Summer						
8	First 180 hours use	79,291,511	$0.12256	$9,717,968	$0.12122	$9,611,717	-1.09%
9	Next 180 hours use	28,858,732	$0.05381	$1,552,888	$0.05322	$1,535,862	-1.10%
10	Over 360 hours use	8,087,553	$0.04809	$388,930	$0.04756	$384,644	-1.10%
11	Subtotal Summer	116,237,796		$11,659,786		$11,532,223	-1.09%
	Winter						
	General - (SGSS & SGSSU)						
12	First 180 hours use	124,317,951	$0.09756	$12,128,459	$0.09961	$12,383,311	2.10%
13	Next 180 hours use	45,398,351	$0.04597	$2,086,962	$0.04694	$2,130,999	2.11%
14	Over 360 hours use	13,548,042	$0.03625	$491,117	$0.03701	$501,413	2.10%
15	Subtotal SGSS	183,264,344		$14,706,538		$15,015,723	2.10%
	All Electric - (SGSSA)						
16	First 180 hours use	10,135,512	$0.06632	$672,187	$0.07874	$798,090	18.73%
17	Next 180 hours use	3,220,981	$0.04025	$129,644	$0.04779	$153,927	18.73%
18	Over 360 hours use	1,391,760	$0.03488	$48,545	$0.04141	$57,637	18.73%
19	Subtotal SGSS	14,748,253		$850,376		$1,009,654	18.73%
	Separate Meter - (SGSSH)						
20	First 180 hours use	3,014,825	$0.09756	$294,126	$0.09961	$300,307	2.10%
21	Next 180 hours use	969,249	$0.04597	$44,556	$0.04694	$45,497	2.11%
22	Over 360 hours use	170,298	$0.03625	$6,173	$0.03701	$6,303	2.10%
23	Sep. Space Heating - W	4,857,718	$0.03625	$176,092	$0.05289	$256,925	45.90%
24	Sep. Space Heating - S	345,771	$0.12256	$42,378	$0.12122	$41,914	-1.09%
25	Subtotal SGSSH	9,357,860		$563,325		$650,946	15.55%
26	Total SGS	323,608,253		$32,594,360		$33,096,998	1.54%

Source: KCC DR 480

Target $33,097,061
Rounding ($63)

Notes:
1/ Applicable to customers with separately metered space heating.

KANSAS CITY POWER & LIGHT COMPANY
Summary of CURB Recommended SGS Secondary Revenue Increases

Line	Description	Present Revenue	Recommended Revenue	Recommended Increase	
				Amount	Percent
		(1)	(2)	(3)	(4)
	SGS - Secondary				
1	General Use - SGSS	$29,447,721	$29,701,639	$253,918	0.86%
2	All Electric - SGSSA	$1,808,849	$1,966,528	$157,679	8.72%
3	S.H. Separate Meter - SGSSH	$1,022,357	$1,109,995	$87,638	8.57%
4	Unmetered - SGSSU	$315,434	$318,836	$3,402	1.08%
5	Total SGS - Secondary	$32,594,361	$33,096,998	$502,637	1.54%

Source: CURB rates times class billing determinants.

CERTIFICATE OF SERVICE

10-KCPE-415-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was placed in the United States mail, postage prepaid, electronic service, or hand-delivered this 15th day of June, 2010, to the following:

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