BEFORE THE CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application of Westar Energy, Inc. and Kansas Gas and Electric Company to Make Certain Changes in their Charges for Electric Service	]]]]	KCC Docket No. 15-WSEE-115-RTS

DIRECT TESTIMONY OF

BRIAN KALCIC

RE:
CLASS COST OF SERVICE,
NEW RESIDENTIAL RATE OPTIONS, AND
RESIDENTIAL AND SMALL GENERAL
SERVICE RATE DESIGN

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

July 9, 2015

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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 and critique the class cost-of-service studies and new residential rate options sponsored by Westar Energy, Inc. and Kansas Gas and Electric Company (collectively "Westar" or the "Company").

In addition, I will review the Company's Residential and Small General Service ("SGS") rate design proposals, and recommend appropriate adjustments to those rate designs.

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

A. No. In order to facilitate a comparison with Westar's proposals, I have reflected the Company's claimed revenue requirement level in my schedules.

Q. Please summarize your primary recommendations.

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

- reject the Company's sponsored class cost-of-service studies, since such studies do not comport with Commission precedent;
- adopt Staff's cost-of-service study for purposes of determination an appropriate class revenue allocation in this proceeding;
- reject Westar's proposal to implement two optional residential rate schedules;
- defer Westar's proposal to require new distributed generation customers to take service on an alternative rate schedule to a generic proceeding;
- reject Westar's proposal to adjust its residential Standard Service customer charge between rate proceedings; and
- adopt CURB's recommendations with respect to Residential and SGS rate design.

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

I. Class Cost of Service Studies

Q. Mr. Kalcic, please provide a general description of the cost-of-service analysis submitted by the Company in this proceeding.

A. Westar prepared a fully allocated cost-of-service study ("COSS") for the purpose of assigning the Company's claimed revenue requirement to rate classes. More accurately, Westar prepared two separate COSSs. The first study uses the Company's preferred

average and excess demand ("AED") cost allocation methodology. The second study employs the four coincident peak ("4CP") methodology.

While the two studies utilize different cost-of-service methodologies, each COSS includes the traditional three-step process of functionalization, classification and allocation. *Functionalization* refers to the process whereby utility plant and related expenses are assigned to functions, such as production, transmission, distribution and customer service. *Classification* refers to the process whereby the functionalized costs are separated by cost category, namely demand-, energy-, or customer-related costs. Finally, *allocation* refers to the process whereby the utility's classified costs are assigned to rate classes, based upon a factor that reflects a causal relationship between a given class and the utility's cost incurrence.

Upon completion, a COSS produces a measure of total cost of service, by rate class. By comparing allocated cost responsibility to class revenue levels, one can determine whether a given rate class is contributing revenues that are above or below its indicated cost of service.

Q. How is a COSS used?

A. The results of a COSS are typically used as a guide in the determination of overall class revenue requirements (i.e., revenue allocation), and in the subsequent implementation of those class revenue requirements via customer, demand, or energy charges (i.e., rate design).

Q. How does the 4CP methodology differ from the AED methodology?

A. The 4CP methodology classifies 100% of a utility's production-related investment and associated operating expenses (excluding fuel) as demand-related. Subsequently, those demand-related costs are allocated to classes on the basis of each class's contribution to the utility's four highest monthly peak demands.

The AED methodology nominally deems a utility's production-related investment and associated operating expenses (excluding fuel) as serving both a demand *and* an energy function, based upon a utility's load factor.[1] For example, if a utility's system load factor were to be 55%, then 55% of production plant investment would be classified as energy-related, and 45% would be classified as demand-related. Furthermore, the AED methodology would allocate: a) the energy-related portion of production plant to classes on the basis of energy use; and b) the demand-related portion of production plant to classes on the basis of the contribution of each class to *excess* demand (i.e., the difference between peak demand and average demand).

Q. Why has the Company submitted two COSSs in this proceeding?

A. Company witness H. Edwin Overcast testifies that the AED COSS reflects the Company's preferred cost-of-service methodology. However, Westar is filing the 4CP COSS in this proceeding so as to provide a benchmark for judging the reasonableness of the AED results. In Mr. Overcast's view, the 4CP methodology produces results that are very similar to the results of the AED study, which "provides additional support for the AED methodology that I propose."[2]

[1] Load factor is defined as the ratio of average demand to peak demand.

[2] See the Direct Testimony of H. Edwin Overcast at page 29.

Q. Would you expect the AED and 4CP cost methodologies to produce similar results?

A. Yes, I would.

Q. Why?

A. Mr. Overcast states that the excess demand component of his AED allocation factor is determined using class contributions to Westar's four highest monthly peaks (4CP).[3] In that instance, the AED and 4CP cost methodologies would be mathematically equivalent approaches, except for the fact that the Lighting class does not contribute toward Westar's coincident peak demands during the summer months.[4] In other words, the AED approach, like the 4CP methodology, is essentially a demand-based allocation methodology that gives zero weight to energy use when assigning production plant to rate classes in a COSS.

Q. Has the KCC approved the use of the 4CP methodology in recent electric utility proceedings?

A. No. Counsel advises that the KCC specifically rejected the 4CP methodology in two recent Kansas City Power & Light Company ("KCPL") rate proceedings at Docket Nos. 10-KCPE-415-RTS and 12-KCPE-764-RTS.

Q. At the same time, did the KCC adopt a particular COSS methodology in either of those litigated KCPL rate proceedings?

[3] See the Direct Testimony of H. Edwin Overcast at page 9.

[4] The AED methodology assigns 100% off-peak classes, such as Lighting, a portion of fixed production costs via the average demand component. The 4CP methodology assigns zero cost responsibility to 100% off-peak classes.

A. Yes. In each case, the KCC adopted the Base, Intermediate, Peak ("BIP") COSS methodology sponsored by KCPL witness Paul M. Normand.

Q. Mr. Kalcic, how does the BIP methodology classify production plant?

A. As a vertically integrated electric utility, Westar maintains numerous supply resources with varied capabilities for the purpose of providing both capacity and energy for customers throughout all 8,760 hours during the year. The BIP methodology examines the design and operating characteristics of individual units, along with how those generation resources are used during the test period, and classifies production plant as either: a) base; b) intermediate; or c) peak-related.

Large generating units (e.g., nuclear and coal) are normally the first units that are dispatched to meet customer load, since such units have lower average fuel costs (and are therefore designed to run throughout the year). The BIP methodology classifies such facilities as base (load) units. The next units that would generally be dispatched to serve load, i.e., load in excess of the level served by base units, are not designed to run as many hours as base units, due to higher operating costs. Still, such units are designed to run many hours (and in all months) throughout the year. The BIP methodology classifies these load-following supply resources as intermediate units. Finally, those units that are last in the dispatch order are generally run only to meet spikes in load levels that are of shorter duration. These last units have high operating costs, and are therefore designed to run only a few hours during the year. The BIP methodology classifies these supply resources as peak units.

From a traditional classification perspective, base units are considered energy-related, while intermediate and peak units are deemed to be capacity- (or demand-) related.

Q. How does the BIP methodology allocate production plant to rate classes?

A. Base costs are allocated to classes using a *base energy* allocation factor. The base energy factor is derived from class contributions (i.e., energy consumption) to the month with the *lowest* total energy use during the test period.

Intermediate costs are allocated to classes using the *12CP Remaining* allocation factor. The 12CP Remaining factor is derived from class contributions to the system's twelve monthly peak demands ("12CP"), less the amount of class load serve by base units.

Peak costs are usually allocated to classes using the *4CP Remaining* allocation factor. The 4CP Remaining factor is derived from class contributions to the system's four highest monthly peak demands ("4CP"), less the amount of class load serve by base and intermediate units.

Q. Would you expect the AED and BIP cost methodologies to produce similar results?

A. No, because the BIP methodology gives real weight to class energy use when assigning fixed production costs to rate classes, while the BIP methodology does not. Stated differently, the AED methodology will assign (1) greater cost responsibility to classes that are less energy intensive (such as residential and SGS) and (2) lesser cost responsibility to energy intensive classes, compared to the BIP method.

Q. Mr. Kalcic, does Westar's AED COSS differ from the BIP methodology in any other way besides the classification and allocation of production plant (and related expenses)?

A. Yes. The Company's AED COSS classifies distribution plant and related expenses as both customer- and demand-related, based upon the results of a minimum system analysis. To be specific, Westar's minimum system study classifies between 36% and 100% of the Company's investment in utility Accounts 364-368 as customer related.[5] As a result, between 36% and 100% of Westar's investment in Accounts 364-368 are allocated to classes based upon the number of customers within the class.

In contrast, the BIP cost methodology approved by the Commission in KCPL Docket Nos. 10-KCPE-415-RTS and 12-KCPE-764-RTS did *not* employ a minimum system analysis to classify distribution plant. Consequently, the KCPL COSSs classified all distribution plant with the exception of services, meters and installations on customer premises as demand-related, with such costs allocated to classes based on class non-coincident peak demands ("NCPs").

Q. What impact does Westar's minimum system classification of Accounts 364-368 have on class cost-of-service results, vis-à-vis the BIP methodology?

A. The classification of a portion of Accounts 364-368 as customer related will further shift (allocated) cost responsibility toward the residential class, compared to the BIP methodology.

[5] Briefly, Accounts 364-368 are defined as follows: a) 364 - Poles, Towers & Fixtures; b) 365 – Overhead Conductors; c) 366 – Underground Conduit; d) 367 – Underground Conductors; and e) 368 – Line Transformers.

Q. Have you prepared a BIP COSS to assist the KCC in determining an appropriate class revenue allocation in this proceeding?

A. I have not. Preparing a BIP COSS is a complex undertaking due, in large part, to the detailed information that is needed to properly classify generating units. In addition, Mr. Overcast's electronic COSS model is not designed to run the BIP cost methodology, and CURB determined that it could not economically convert the model to prepare a BIP COSS for this proceeding, even if all data were readily available.

Q. Should the KCC rely upon the Company's AED COSS in this proceeding?

A. No, since the AED methodology is not consistent with BIP methodology that the KCC approved in Docket Nos. 10-KCPE-415-RTS and 12-KCPE-764-RTS.

Q. What do you recommend?

A. CURB recommends that the KCC rely upon Staff's cost-of-service results to determine an appropriate class revenue allocation in this proceeding. While Staff's COSS has not historically employed the BIP methodology, it can be expected to: 1) assign real weight to class energy use when allocating production plant to rate classes; and 2) classify Accounts 364-368 as 100% demand related. As such, CURB expects that Staff's COSS will produce results that are more consistent with the BIP methodology than any other COSS that is entered in this proceeding.

II. New Residential Rate Options

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

A. The Company serves residential customers via four rate schedules: 1) Standard Service, 2) Restricted Conservation Use Service, 3) Peak Management Service, and 4) Time of Use - Pilot.[6] The vast majority of Westar's residential customers take Standard Service.[7] The Standard Service rate schedule contains a customer charge, a two-step declining-block winter energy charge, and a two-step inclining-block summer energy charge. The Restricted Conservation Use Service rate schedule contains a customer charge and a flat-rate energy charge that is not seasonally differentiated. The Peak Management Service rate schedule is intended to provide customers with the opportunity to lower their total monthly bill by managing their peak usage. The rate contains a customer charge, a flat-rate energy charge and a demand charge, with the latter seasonally differentiated.

Q. Does Westar propose to implement any new residential rate schedules in this proceeding?

A. Yes. Westar is proposing to add two new rate options, namely: 1) the Residential Stability Plan ("RSP"); and 2) the Residential Demand Plan ("RDP"). The RSP rate schedule contains a customer charge (called the "basic service fee"), a two-step inclining-block winter energy charge, and a three-step inclining-block summer energy charge. The RDP

[6] CURB will not address Westar's Time of Use – Pilot rate schedule, which presently serves approximately 20 customers.

[7] Restricted Conservation Use Service and Peak Management Service are closed to new customers.

rate option contains a basic service fee, a flat-rate energy charge and a seasonally-differentiated demand charge.

As discussed below, the RSP and RDP rate schedules would be optional for all residential customers, with the exception of customers that choose to self-generate power. Under Westar's proposal, residential customers that install distributed generation ("DG") after October 28, 2015 would be required to take service on either the RSP or RDP rate schedule.

Q. How do the RSP and RDP rate options compare to Westar's Standard Service rate schedule?

A. Table 1 below provides a summary of Westar's proposed residential tariff charges, by rate schedule. As shown in Table 1, the RSP and RDP rate schedules would: (1) shift cost recovery away from usage charges by reducing energy charges from the levels contained in the Company's Standard Service tariff; and (2) implement either a higher customer charge (RSP) or a demand charge (RDP), in order to recoup the "lost" revenues associated with lower energy charges.

TABLE 1

Summary of Company Proposed Residential Tariff Charges (Inclusive of ECRR and PTS Roll-in)

Tariff Charge	*Standard Service*	*RSP*	*RDP*
	(1)	(2)	(3)
Customer ($/mo)	$15.00	$50.00	$15.00
Energy ($/kWh)			

S – 1st 500 kWh	$0.081999	$0.020000	$0.049000
Next 400 kWh	$0.081999	$0.078200	$0.049000
Over 900 kWh	$0.089497	$0.090000	$0.049000
W – 1st 500 kWh	$0.081999	$0.020000	$0.049000
Next 400 kWh	$0.081999	$0.078200	$0.049000
Over 900 kWh	$0.068849	$0.078200	$0.049000
Demand ($/kW)			
Summer	n.a.	n.a.	$10.00
Winter	n.a.	n.a.	$3.00

Q. Why is Westar proposing to implement the RSP and RDP rate schedules in this proceeding?

A. The Company offers four reasons in support of its RSP and RDP rate proposals: 1) to respond to customer requests for more rate choices; 2) to give customers more control over their energy bills; 3) to begin recovering more of the Company's fixed costs through fixed (i.e., non-energy) charges; and 4) to ensure that new distributed-generation ("DG") customers "pay their fair share of the cost of being connected to the electric grid."[8]

Q. With respect to the Company's first argument concerning customer choice, does Westar provide any evidence pertaining to the number of residential customers who have contacted the Company to express their desire for a choice of rate schedules?

A. To my knowledge, it has not.

[8] See the Direct Testimony of Ahmad Faruqui at page 24.

Q. Is it standard ratemaking practice to allow customers to choose to take service from a "menu" of rate schedules?

A. No. Customers are grouped into rate classes for the simple reason that it is not feasible to design rates for individual customers. If rate classes are defined properly, "like" customers will be served in a single class and pay the same tariff charges. Allowing customers in a given rate class to choose among alternative rate schedules undermines the purpose of assigning customers to a rate class in the first place.

Q. Is the Company's proposal to offer residential customers a choice of rate schedules consisted with its separate proposal to restructure its High Load Factor ("HLF") and Medium General Service ("MGS") rate schedules?

A. Not at all. Westar is proposing to restructure its HLF and MGS rate schedules to ensure that: 1) "like" non-residential customers are assigned to, and served on, the proper rate schedule; and 2) non-residential customers are no longer able to migrate between rate schedules (and thereby undermine the Company's revenues.) Allowing residential customers to choose among the Company's Standard Service, RSP and RDP rate schedules will only act to promote customer migration (with its attendant revenue erosion) by residential customers.

Q. Does Westar expect residential customers to migrate between its Standard Service, RSP and RDP rate schedules?

A. Yes. Westar expects rate migration to occur and forecasts that it will lose $4.0 million as a result of that migration.

Q. Is Westar willing to absorb the $4.0 million revenue loss?

A. No. Westar has included a $4.0 million revenue adjustment in this case to account for residential rate migration. Actual revenue losses would be tracked via Westar's proposed to establish a balancing account to record any revenue impacts not included in the $4.0 million adjustment. The tracking account balance would be deferred for recovery or credit consideration in a future rate proceeding.

Q. Returning to the Company's second argument, do you agree that giving residential customers a choice of rate schedules will give customers more control over their energy bills?

A. Not in an active sense.

Q. What do you mean by active sense?

A. If given a choice of rate schedules, residential customers can be expect to migrate to the rate schedule that provides the lowest annual bill. However, any such migration savings would be passive in nature in that customers would not have to (actively) reduce consumption or alter consumption patterns in order to reap the "rewards" of a lower bill.

Q. Is there any valid reason to offer residential customers passive savings?

A. No. Customers should have to earn savings (in the active sense previously discussed).

Q. Which of the Company's rate schedules offers residential customers the greatest control over their energy bills?

A. Ironically, it is the Company's Standard Service rate schedule simply because that rate schedule would place the greatest emphasis on energy charges (such that reducing consumption would produce the greatest level of savings). See Table 1 above.

Q. Please comment on Westar's third reason for implementing the RSP and RDP rate schedules, which is to begin recovering more of the Company's fixed costs through fixed charges.

A. The premise behind Westar's proposal is that fixed costs should be recovered through fixed charges. If one accepts that premise, then 73% of the average residential monthly bill should be recovered in fixed charges, which in turn justifies a $50 customer charge (RSP) or, equivalently, a $3 to $10 per kW demand charge (RDP).[9] CURB disagrees.

As discussed below, it is CURB's position that residential customer charges should be limited to the recovery of customer-related costs. All other costs should be recovered in the residential energy charge(s).

Q. Is Westar's position that fixed costs should be recovered in fixed charges consistent with the KCC-approved BIP cost methodology?

A. No. As discussed in the first section of my testimony, the BIP classifies a portion of fixed production costs as energy related, and assigns such costs to rate classes on an energy basis.

[9] See Westar's response to CURB DR 147.

As such, the BIP methodology supports the recovery of certain fixed costs via energy charges.

Q. What is CURB's position with respect to Westar's proposal to offer residential customers a choice of rate schedules?

A. For all of the above reasons, CURB recommends that the KCC reject the Company's RSP and RDP rate options.

Q. Westar is also proposing to implement the RSP and RDP rate schedules for the purpose of serving new DG customers after the conclusion of this proceeding. What is CURB's position with respect to Westar requiring new DG customers to take service on either the RSP or RDP rate schedule?

A. The Company's proposal is grounded on the premise that DG customers would not pay their fair share of Westar's system costs if such customers were to be allowed to continue to take service on the Standard Service rate schedule. It is CURB's position that DG customers should be treated on a consistent basis across electric utility service territories. As such, CURB recommends that the KCC defer the question of whether DG customers should pay the same (or different) rate than residential customers for electric service to a generic proceeding.

III. Residential Rate Design

Q. Mr. Kalcic, have you prepared a summary of the Company's proposed residential rate design?

A. Yes, I have. The Company's present and proposed residential base rate tariff charges are summarized in Schedule BK-1. As shown in column 3 of Schedule BK-1, the Company is proposing to increase the residential customer charge by 25%, to $15.00 per month. With the exception of the third summer rate block (applicable to usage in excess of 900 kWh per month), the Company would recover the balance of its proposed residential increase via a relatively uniform increase to all remaining tariff charges.

Q. Is Westar proposing any other changes to residential rates in this proceeding?

A. Yes. Westar is proposing to implement an additional residential customer charge increase of $3 per year, through 2019, at which time the customer charge would be $27 per month. The annual customer charge increases would be coupled with offsetting (i.e., revenue neutral) reductions to the energy charges applicable to Standard Service and Restricted Conservation Use Service customers (i.e., those subclasses that would be subject to the annual customer charge increases.)

Q. Why is Westar proposing annual adjustments to residential tariff charges?

A. The purpose is to transition residential customers to a rate design that recovers a much larger percentage of the Company's residential revenue requirement through fixed charges.

Q. Does the Company offer any cost support for increasing the customer charge to $27 per month?

A. Yes. Westar justifies its position based on the residential customer charge cost benchmark of $31.25 per month in the Company's AED COSS. However, in Westar's view, the $31.25 cost benchmark is conservative, in as much as approximately 73% of its residential revenue requirement consist of fixed costs (which should be recovered in the customer charge).

Q. Does CURB agree with Westar regarding its $31.25 per month cost benchmark?

A. No. The Company's cost benchmark includes costs deemed as customer related by Westar's minimum system analysis. As previously discussed, the KCC did not approve a minimum system analysis in Docket Nos. 10-KCPE-415-RTS and 12-KCPE-764-RTS, but instead limited customer costs to the direct costs associated with serving customers, such as meters, service lines, billing, etc.

Q. Have you prepared a customer cost benchmark analysis that excludes the Company's minimum system components?

A. Yes, I have. The results are summarized in Schedule BK-2.

Q. What is CURB's recommended residential customer charge in this proceeding?

A. Consistent with the results shown in Schedule BK-2, CURB recommends that the KCC set the residential customer charge at $14 per month until Westar's next rate proceeding.

Q. Has CURB prepared an alternative residential rate design and proof of revenue for the KCC's consideration in this proceeding?

A. Yes. Schedule BK-3 illustrates CURB's recommended residential rate design at the Company's overall requested revenue requirement.

Q. How did you determine the level of the remaining residential base rate charges shown in column 4 of Schedule BK-3?

A. I adjusted all of the Company's existing Standard Service and Restricted Conservation Service energy charges proportionately, so as to produce total residential revenues of 623.7 million (per line 17, column 5), which is the same revenue level as proposed by Westar.

Q. How should the Commission implement any final residential revenue increase in this proceeding?

A. CURB recommends that the KCC set the residential customer charge at $14.00 per month, and direct Westar to adjust its existing residential rates (shown in Schedule BK-1, at column 1) proportionally, in order to arrive at the KCC's final residential revenue requirement.

IV. SGS Rate Design

Q. Mr. Kalcic, please provide a brief description of the Company's current SGS rate schedule.

A. The Company's SGS rate schedule contains a customer charge, a seasonally-differentiated demand charge and a non-seasonally differentiated, declining-block energy charge (with a breakpoint at 1,200 kWh per month of usage).

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

A. No, it does not.

Q. Have you provided a summary of the Company's proposed SGS rate design?

A. Yes, I have. The Company's present and proposed SGS base rate tariff charges are summarized in Schedule 4. As shown in column 4 of Schedule BK-4, the Company is proposing to assign non-uniform increases ranging from 3.6% to 25.0% to individual SGS tariff charges.

Q. How did Westar determine its proposed increases to individual SGS tariff charges?

A. The cost-based SGS customer charge benchmark is $37.13 per month in Westar's AED COSS. Westar proposes to move toward that cost benchmark by increasing the SGS customer charge from $20.00 to $25.00 per month. The balance of the Company's proposed SGS revenue increase is recovered via average demand and energy charge increases of approximately 10.9% and 5.1%, respectively.

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

A. Not entirely. CURB opposes the Company's proposed increase to the SGS customer charge.

Q. Why?

A. Exclusive of the Company's minimum system components, the cost-based SGS customer charge is $14.60 per month.[10] Since the existing SGS customer charge of $20.00 per month exceeds CURB's cost benchmark, CURB recommends that the SGS customer charge remain unchanged at the conclusion of this case.

Q. Have you prepared an alternative SGS rate design and proof of revenue for this proceeding?

A. Yes, I have. Schedule BK-5 illustrates CURB's recommended SGS rate design at the Company's overall requested revenue requirement.

Q. How did you determine the level of the non-customer SGS base rate charges shown in column 4 of Schedule BK-5?

A. I adjusted the Company's proposed non-customer SGS base rate charges proportionately, so as to produce total SGS revenues of $279.8 million (per line 18, column 5), which is the same revenue level as proposed by Westar.

[10] See column 2 of Schedule BK-2, at line 4.

Q. How should the Commission implement any final SGS revenue increase in this proceeding?

A. The Commission should direct Westar to: 1) leave the current SGS customer charge of $20.00 per month unchanged; and 2) adjust the Company's proposed SGS demand and energy charges (shown in Schedule BK-4, at column 2) proportionally, so as to attain the KCC's final SGS class revenue requirement.

Q. Does this conclude your direct testimony?

A. Yes.

VERIFICATION

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

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 9 day of July, 2015.

Notary Public

My Commission expires:

8/6/2018

JEFFREY P MORTLAND
Notary Public – Notary Seal
State of Missouri, St Louis County
Commission # 14430035
My Commission Expires Aug. 6, 2018

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Benedictine University 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, Indiana, 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-5

Schedule BK-1

WESTAR ENERGY, INC.

Summary of Present and Proposed Residential Tariff Charges

Line	Description	Present Rates* (1)	Proposed Rates* (2)	Proposed Increase Amount (3)	Proposed Increase Percent (4)
1	Customer Charge	$12.00	$15.00	$3.00	25.00%
	Standard Service				
	Usage Charge				
	Winter				
2	First 500 kWh	$0.070085	$0.081999	$0.011914	17.00%
3	Next 400 kWh	$0.070085	$0.081999	$0.011914	17.00%
4	All add'l kWh	$0.058347	$0.068849	$0.010502	18.00%
	Summer				
5	First 500 kWh	$0.070085	$0.081999	$0.011914	17.00%
6	Next 400 kWh	$0.070085	$0.081999	$0.011914	17.00%
7	All add'l kWh	$0.081361	$0.089497	$0.008136	10.00%
	Restricted Cons. Service				
	Applic. Usage Charge				
	Winter				
8	First 500 kWh	$0.049235	$0.056620	$0.007385	15.00%
9	Next 400 kWh	$0.049235	$0.056620	$0.007385	15.00%
10	All add'l kWh	$0.049235	$0.056620	$0.007385	15.00%
	Summer				
11	First 500 kWh	$0.049235	$0.056620	$0.007385	15.00%
12	Next 400 kWh	$0.049235	$0.056620	$0.007385	15.00%
	Peak Management				
13	Customer Charge	$14.00	$17.00	$3.00	21.43%
	Usage Charge				
14	Winter	$0.045003	$0.053104	$0.008101	18.00%
15	Summer	$0.045003	$0.053104	$0.008101	18.00%
	Demand Charge				
16	Winter	$1.80	$2.10	$0.30	16.67%
17	Summer	$5.85	$6.73	$0.88	15.04%

* Excludes RECA, TSC and EER.

WESTAR ENERGY, INC.

Schedule BK-2

2015 Rate Case Cost-of-Service Study
Unit Customer Cost Results
Basis: Excluding WEI Minimum System

Line	Customer Cost Component ($/month)	Residential (1)	SGS (2)	Churches (3)	MGS (4)	Schools (5)	HLF (6)	Lighting (7)	Special Contract (8)	LTM (9)	ICS (10)
1	Dist Trn 13 kV 1/	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2	Secondary Cust 1/	$6.27	$6.37	$6.37	$16.46	$14.99	$26.69	$0.00	$31.35	$33.93	$33.91
3	Onsite	$7.91	$8.23	$8.67	$8.24	$8.23	$8.76	$0.00	$8.88	$8.87	$8.73
4	Total	$14.18	$14.60	$15.04	$24.70	$23.22	$35.45	$0.00	$40.23	$42.80	$42.64

Note:
1/ Excludes all minimum system components.

WESTAR ENERGY, INC.

CURB Illustrative Residential Rate Design and Proof of Revenue
Standard / Conservation / Peak Management Service
Basis: WEI Proposed Class Increase

Line	Description	Billing Determinants	Present Rates 1/	Present Revenue	CURB Illustrative Rates 1/	Revised Revenue	Percentage Change in Rates
		(1)	(2)	(3) = (1)*(2)	(4)	(5) = (1)*(4)	(6) = (4)/(2)
	Non-Usage Charges						
1	Customer	7,179,302	$12.00	$86,151,624	$14.00	$100,510,228	16.67%
2	Customer - PM	93,011	$14.00	$1,302,154	$16.00	$1,488,176	14.29%
3	PM Demand - W	757,936	$1.80	$1,364,285	$2.14	$1,621,983	18.89%
4	PM Demand - S	296,386	$5.85	$1,733,858	$6.94	$2,056,919	18.63%
5	Subtotal			$90,551,921		$105,677,306	
	Usage Charges						
	Standard Service						
	Winter						
6	1st 500 kWh	1,904,369,083	$0.070085	$133,467,707	$0.082452	$157,019,040	17.65%
7	Next 400 kWh	847,438,337	$0.070085	$59,392,716	$0.082452	$69,872,986	17.65%
8	All add'l kWh	945,385,677	$0.058347	$55,160,418	$0.068643	$64,894,109	17.65%
	Summer						
9	1st 500 kWh	1,007,921,475	$0.070085	$70,640,177	$0.082452	$83,105,141	17.65%
10	Next 400 kWh	626,237,408	$0.070085	$43,889,849	$0.082452	$51,634,527	17.65%
11	All add'l kWh	864,173,475	$0.081361	$70,310,018	$0.095718	$82,716,957	17.65%
12	Subtotal Standard	6,195,525,455		$432,860,885		$509,242,760	
	Restricted Cons. Service						
13	All Applicable kWh	9,819,997	$0.049235	$483,488	$0.057803	$567,625	17.40%
14	Subtotal Conserv.	9,819,997		$483,488		$567,625	
	Peak Management						
15	All kWh	154,729,151	$0.045003	$6,963,276	$0.053104	$8,216,737	18.00%
16	Subtotal Peak Man.			$6,963,276		$8,216,737	
17	Total Residential	6,360,074,603		$530,859,570		$623,704,428	17.49%
	Source:	CURB DR 123			Target	$623,704,449	
					Rounding	($21)	

Note:
1/ Excludes RECA, TSC and EER.

WESTAR ENERGY, INC.

Summary of Present and Proposed SGS Tariff Charges

Line	Description	Present Rates *	Proposed Rates *	Proposed Increase	
				Amount	Percent
		(1)	(2)	(3)	(4)
	Non-Usage Charges				
1	Customer Charge	$20.00	$25.00	$5.00	25.00%
2	Std. Demand - W	$3.91	$4.35	$0.44	11.25%
3	Std. Demand - S	$7.55	$8.35	$0.80	10.60%
4	C.O. Demand - W	$1.21	$1.30	$0.09	7.44%
5	C.O. Demand - S	$2.20	$2.28	$0.08	3.64%
	Usage Charges				
	Standard Service				
6	1st 1,200 kWh	$0.067796	$0.070532	$0.0027360	4.04%
7	All add'l kWh	$0.048826	$0.051562	$0.0027360	5.60%
	Recreational Lighting				
8	All kWh	$0.082487	$0.086611	$0.004124	5.00%
	Unmetered Service				
9	1st 1,200 kWh	$0.067796	$0.070532	$0.002736	4.04%
10	All add'l kWh	$0.048826	$0.051562	$0.002736	5.60%
	Church Option				
11	1st 1,200 kWh	$0.067796	$0.070532	$0.002736	4.04%
12	All add'l kWh	$0.048826	$0.051562	$0.002736	5.60%

* Excludes RECA, TSC and EER.

WESTAR ENERGY, INC.

CURB Illustrative SGS Rate Design and Proof of Revenue
Standard / Lighting / Unmetered / Church Option
Basis: WEI Requested Class Increase

Line	Description	Billing Determinants	Present Rates 1/	Present Revenue	CURB Illustrative Rates 1/	Revised Revenue	Percentage Change in Rates
		(1)	(2)	(3) = (1)*(2)	(4)	(5) = (1)*(4)	(6) = (4)/(2)
	Non-Usage Charges						
1	Customer	1,012,867	$20.00	$20,257,340	$20.00	$20,257,340	0.00%
2	Std. Demand - W	6,261,374	$3.91	$24,481,972	$4.44	$27,800,501	13.55%
3	Std. Demand - S	3,789,962	$7.55	$28,614,213	$8.52	$32,290,476	12.85%
4	C.O. Demand - W	1,687	$1.21	$2,041	$1.33	$2,244	9.92%
5	C.O. Demand - S	329	$2.20	$724	$2.33	$767	5.91%
6	Subtotal			$73,356,290		$80,351,328	
	Usage Charges						
	Standard Service						
7	1st 1,200 kWh	692,712,366	$0.067796	$46,963,128	$0.071923	$49,821,951	6.09%
8	All add'l kWh	2,830,900,553	$0.048826	$138,221,550	$0.052578	$148,843,089	7.68%
9	Subtotal Standard	3,523,612,919		$185,184,678		$198,665,040	
	Recreational Lighting						
10	All kWh	8,880,478	$0.082487	$732,524	$0.088318	$784,306	7.07%
11	Subtotal Lighting	8,880,478		$732,524		$784,306	
	Unmetered Service						
12	1st 1,200 kWh	155,974	$0.067796	$10,574	$0.071923	$11,218	6.09%
13	All add'l kWh	105,824	$0.048826	$5,167	$0.052578	$5,564	7.68%
14	Subtotal Unmetered	261,798		$15,741		$16,782	
	Church Option						
15	1st 1,200 kWh	47,399	$0.067796	$3,213	$0.071923	$3,409	6.09%
16	All add'l kWh	77,691	$0.048826	$3,793	$0.052578	$4,085	7.68%
17	Subtotal Church Op.	125,090		$7,006		$7,494	
18	Total SGS	3,532,880,285		$259,296,239		$279,824,950	7.92%
	Source:	CURB DR 123			Target	$279,826,013	
					Rounding	($1,063)	

Note:
1/ Excludes RECA, TSC and EER.

CERTIFICATE OF SERVICE

15-WSEE-115-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 9th day of July, 2015, to the following:

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