

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

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DIRECT TESTIMONY OF

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BRADLEY D. LUTZ

by
State Corporation Commission
of Kansas

**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. 12-KCPE-764-RTS

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 support, rate design, tariff management, filing preparation, participation in
12 regulatory rulemakings, and compliance reporting. I also manage certain analytical

1 activities for the department including docket management system administration, rate
2 change implementation, billing determinant calculation, and retail 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 K.A.R. 82-1-231 for this rate case; (ii) sponsor the
7 retail revenue adjustment (adjustment R-20) which reflects the annualized and
8 normalized revenue level for KCP&L's Kansas jurisdiction, (iii) discuss the results of
9 KCP&L's Class Cost of Service ("CCOS") study performed by KCP&L witness Mr. Paul
10 Normand and presented in his Direct Testimony; (iv) propose changes to KCP&L's
11 current rate design as set forth in Schedule BDL-1, including testimony concerning
12 consolidation of certain subclasses; and (v) recommend a change to the Company's Rules
13 and Regulations.

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

16 A: I hold a Master of Business Administration from Northwest Missouri State University
17 and a Bachelor of Science degree in Engineering Technology from Missouri Western
18 State University.

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

1 Prior to joining KCP&L, I was employed by the St. Joseph Frontier Casino for
2 two years as Information Technology Manager. Prior to St. Joseph Frontier Casino, I
3 was employed by St. Joseph Light and Power Company for nearly 14 years. I held
4 various technical positions at St. Joseph Light and Power Company, including
5 Engineering Technician-Distribution, Automated Mapping/Facilities Management
6 Coordinator, and my final position as Senior Client Support Specialist-Information
7 Technology.

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

10 A: I have provided written testimony in Docket Nos. 07-KCPE-905-RTS and 09-KCPE-246-
11 RTS supporting the Company’s CCOS studies.

12 **II. MINIMUM FILING REQUIREMENTS**

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

14 A: The purpose of this part of my testimony is to confirm that KCP&L has satisfied the
15 Commission’s MFR, as set forth in K.A.R. 82-1-231.

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

17 A: KCP&L prepared the following information to address the specific requirements of each
18 section of the MFR as outlined in K.A.R. 82-1-231(c)(4):

19 A: Application

20 B: General information, including:

- 21 1. the amount of proposed aggregate annual increase and percentage over
22 current revenues;
- 23 2. names of communities affected;

- 1 3. the number of customers to be affected;
- 2 4. the average change requested in dollars and percentage change from
- 3 current rates;
- 4 5. a summary of reasons for the proposed changes; and
- 5 6. press releases relative to the filing.

6 **III. ANNUALIZED/NORMALIZED REVENUES**

7 **Q: Were the retail revenues included in this filing prepared by you or under your**
8 **supervision?**

9 A: Yes, they were.

10 **Q: Please describe the method employed in developing the normalized revenues and**
11 **revenue adjustment used by KCP&L witness Mr. John Weisensee as components in**
12 **deriving the revenue requirement for this case.**

13 A: Simplistically, the revenues reflect the test year revenues received by the Company and
14 are used as an input into the revenue requirement model prepared by Mr. Weisensee. The
15 associated revenue adjustment R-20 is used to identify the revenue amounts and reconcile
16 the amounts with other Company records, particularly revenues reported to FERC. I will
17 explain this in further detail.

18 The calculation of the normalized revenues and the revenue adjustment is a multi-
19 step process. First, actual billed revenues are provided to the Market Assessment group
20 so that weather-normalized kWh sales and customer levels by rate class can be
21 developed. Company witness George M. McCollister explains this process and his
22 results in his Direct Testimony. Once the normalized data is developed, the results are
23 given to my group for further analysis which involves organizing the data into the rates

1 within each rate class. Monthly bill frequency models are then prepared for the test year;
2 in this case, the calendar year ending December 31, 2011. These monthly bill
3 frequencies, define the actual billing units for each of the billing blocks for the various
4 rate components, with the components being the customer charges, the energy charges,
5 and the demand charges. The bill frequency data is used to prove out the revenue
6 generated by the particular rates within the rate classes. For example, the residential
7 general use rate has two billing blocks in the winter period, while only one billing block
8 in the summer period. The bill frequency model captures the actual usage that is billed in
9 each of the billing blocks for each month in the winter period. It also captures the actual
10 number of customers in each of the months. By applying the actual rates to the usage in
11 each of the billing blocks, the actual revenues can be reproduced. This method provided
12 the basis for determining the overall revenues to be used in this case.

13 The Company then determined monthly revenues by applying the normalized
14 sales and customer levels for each month represented in the test period to the
15 corresponding billing frequency. This was done for each month. The normalized sales
16 and customer levels from this process were then multiplied by the rates that took effect
17 on February 1, 2012. The sum of these revenues was compared to the actual test year
18 ending December 31, 2011 revenues to determine the revenue adjustment contained in
19 the Summary of Adjustments attached to Mr. Weisensee's testimony as Schedule JPW-4
20 (adjustment R-20).

1 **Q: The Company has an Energy Cost Adjustment (“ECA”) rider in place to recover**
2 **the fuel, purchased power, and certain transmission expenses, and to return off-**
3 **system sales margins to its retail customers. It also has an Energy Efficiency (“EE”)**
4 **rider in place to recover energy efficiency program costs and a Property Tax**
5 **Surcharge (“PTS”) rider to adjust for any increases/decreases in its annual Ad**
6 **Valorem Taxes above/below amounts included in the utility's revenue requirement.**
7 **How will these mechanisms affect the requested increase in this case?**

8 A: The ECA, EE, and PTS riders do not impact the revenue request in this case. The
9 Company calculated its total revenue requirement, including fuel expense, purchased
10 power expense and off-system sales margins, EE costs, and PTS charges and then
11 subtracted from the revenue requirement amounts which will be recovered under the
12 ECA, EE, and PTS tariffs, with the remainder of the revenue requirement to be collected
13 in base retail energy rates.

14 **IV. CLASS COST OF SERVICE STUDY**

15 **Q: Has the Company performed an electric Class Cost of Service (“CCOS”) study for**
16 **this case?**

17 A: Yes. Over the course of the last four rate case dockets it has been common to prepare a
18 CCOS study as part of the filing. Further, as the Company intends to offer rate design
19 modifications as part of this filing, a current CCOS study is needed to support those
20 changes. Mr. Normand provides the CCOS study and summarizes the results of the study
21 in his Direct Testimony.

1 **Q: What methodology did Mr. Normand use in preparing his CCOS study?**

2 A: Mr. Normand performed an Allocated Cost of Service Study, directly assigning costs
3 based on Company records or allocating each relevant and identifiable component of cost
4 on an appropriate basis in order to determine the proper cost to serve the Company's
5 customer classes. The methods, assignments, and allocations are consistent with those
6 used in our prior rate case, Docket No. 10-KCPE-415-RTS ("415 Docket"). The primary
7 consistency is the use of the Base, Intermediate, Peak ("BIP") method for allocation of
8 production costs among the Company's rate classes. This is described in detail in
9 Mr. Normand's testimony.

10 **Q: Did the Commission provide any guidance in the 415 Docket regarding the use of**
11 **future CCOS studies?**

12 A: Yes. On page 117 of its November 22, 2010 Order ("the 415 Order"), the Commission
13 stated:

14 The Commission finds Normand's use of the BIP method in his CCOS
15 Study for allocation of production plant is preferable to Staff's average-
16 and-peak approach. The BIP method provides more structure for modeling
17 costs of production plant and use of generating resources. It also allows
18 for a detailed examination of seasonal costs and corresponding seasonal
19 rate allocations...The Commission adopts Normand's CCOS Study and
20 will use it as a basis for determining a rate design for KCPL.¹

21

22 Later, on page 124, the Commission ordered:

23 To minimize time spent on modeling and data issues and thus increase
24 time devoted to fundamental rate design issues, the Commission orders
25 that the KCPL CCOS Study prepared for this docket be the basis for the
26 CCOS Study used in the new rate design docket. Since the billing
27 determinants (monthly customer count and customer usage) for the current
28 docket are for October 2008 to September 2009, the Commission orders
29 that these billing determinants be updated and weather normed for the new
30 rate design docket using KCPL's methodology. Updating the billing

¹ Order: 1) Addressing Prudence; 2) Approving Application, In Part; and 3) Ruling on Pending Requests, issued November 22, 2010 in Docket No. 10-KCPE-415-RTS, p. 117.

1 determinants will require the KCPL CCOS to be updated, but not redone,
2 for the new rate case.²

3 Finally, on page 141 of the 415 Order, the Commission stated:

4 U. The Cost of Service Study prepared by Paul Normand is adopted and
5 will be used as a basis for determining a rate design for KCPL.³

6 **Q: Do you believe KCP&L complied with the Commission’s 415 Order concerning the**
7 **CCOS study when preparing the current filing?**

8 A: Yes. In the current case KCP&L, through the efforts of Mr. Normand, is offering an
9 updated CCOS study consistent with the methods and techniques used in the 415 Docket
10 for the purposes of supporting rate design modifications in this case. Additionally, the
11 Company communicated with Commission Staff on this matter and has prepared a
12 recommendation in the form of a Joint Motion, which is being filed concurrently with the
13 Application in this docket, advising the Commission that the inclusion of this CCOS as
14 part of the instant filing meets the rate design filing requirements of the 415 Order.

15 **Q: What are the general results and conclusions from the CCOS study?**

16 A: The results of the CCOS study show that each class of customers recovers the cost of
17 service to that class and provides a return on investment.⁴ However, the results also show
18 a difference in the level of return provided by each class. Following is a summary of the
19 results:

Customer Class	Current Index of Return	Proposed Index of Return
Residential	1.16	1.13
Small General Service	1.48	1.35
Medium General Service	1.21	1.17

² *Id.*, p. 124.

³ *Id.*, p. 141.

⁴ Costs for any given class are covered when the Index of Return value is greater than zero (0), and parity of costs to returns exists when the value reaches one (1.0).

Large General Service	0.65	0.73
Large Power	0.49	0.61
Off-Peak Lighting	0.13	0.14
Other Lighting	0.97	1.01
Kansas Jurisdiction	1.00	1.00

1 The Residential, Small General Service, and Medium General Service classes are
2 recovering their costs and providing a larger portion of return comparative to their
3 respective costs than the Large General Service and Large Power classes.

4 The CCOS results from Mr. Normand provide me with a range or zone of
5 reasonableness about the system uniform level of return from which to establish my
6 proposed revenue targets. In response to these results, I am recommending a limit of
7 10% to the increase applied to the Small General Service Class, with the remaining
8 unaccounted for amounts assigned to the Large General Service and Large Power classes.
9 This will not completely correct the differences in returns but will make positive
10 movement in bringing the Large General, Large Power and Small General Service closer
11 to parity. The above table shows the index of returns resulting from the proposed change.
12 More aggressive movement would expose the Company to significant revenue risk
13 through customer migration. Customers within the General Service classes are free to
14 move or migrate, between the General Service classes to achieve the best rate for their
15 business. This migration leads to revenue loss and is not reflected in the test year
16 revenue requirement. These rate-related migrations will likely result in the Company
17 being unable to recover its revenue requirement. Therefore, any effort to completely
18 correct significant inter-class differences must be done with caution. Limiting inter-class
19 adjustments as I am recommending recognizes the results of the CCOS study and

1 addresses the goal of fair apportionment of costs while balancing the revenue risks
2 associated with a more aggressive adjustment.

3 **Q: What other observations have you drawn from the CCOS study?**

4 A: In reviewing the results with Mr. Normand it seems the bulk of the current rate design is
5 in-line with the results of the CCOS study. Most seasonal and component charges are
6 within range of the CCOS study results. The only component that may warrant some
7 direct attention is the customer charge component. Accordingly, my proposed rate design
8 will address changes to bring rates in line with the study results.

9 **Q: What observations could be made concerning the all-electric and separately metered
10 electric heating rates?**

11 A: The CCOS study results support the existing relationships. The returns and seasonal
12 differences vary somewhat from rate to rate but provide no compelling reason to make
13 wholesale changes to these rates. All rate design changes will be discussed in more detail
14 in the Rate Design section of this testimony.

15 **V. RATE DESIGN**

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

18 A: Yes. I am proposing a series of changes to various rate structures and will discuss these
19 changes in greater detail later in my testimony. These recommendations are being
20 offered in response to the Commission-ordered rate redesign established in the 415
21 Docket.

1 **Q: In the 415 Docket, did the Commission provide specific orders or comments**
2 **concerning rate design?**

3 A: Yes. On page 123 of the 415 Order the Commission offered the following comments:

4 [T]he Commission concludes KCPL's current rate structure must be
5 redesigned to move customer classes closer to the principal of cost
6 causation. Each rate class should pay rates based on its costs so that the
7 rate design equalizes the rates of return for all the different classes. To this
8 end, the Commission concludes that a rate case will be opened specifically
9 focused on rate design for KCPL. Such a proceeding will allow closer
10 examination of KCPL's rate structure to ensure fair cost apportionment
11 among the classes and to incorporate concepts from several emerging
12 issues... This new docket will allow a more in depth consideration of the
13 Commission's energy efficiency and energy conservation goals as set forth
14 in Docket Nos. 08-GIMX-441-GIV and 08-GIMX-442-GIV. Other issues
15 that can be explored in the new docket include promoting economic
16 development through rate structure, providing revenue stability and risk
17 mitigation, minimizing customer dissatisfaction, simplifying the rate
18 structure, considering a green tariff, and considering technology issues.⁵

19 Continuing on page 124 of the 415 Order, the Commission ordered the following factors
20 be considered when shaping a new rate design format:

- 21 ▪ The Christensen Associates Study of Dynamic Pricing potential in
22 Kansas and, in particular, rate design options outlined in the final
23 white paper from this study.
- 24 ▪ Further simplification of rate structure for Residential Classes by
25 reducing the number of subclasses.
- 26 ▪ Rate design for Commercial and Industrial Classes should be simpler
27 and more transparent.
- 28 ▪ Eliminate rate structure with artificial incentives to encourage a
29 customer to switch end use equipment.
- 30 ▪ Incorporate the Commission's energy efficiency and energy
31 conservation goals.⁶

⁵ *Id.*, p. 123.

⁶ *Id.*, p. 124.

1 **Q: Do you believe KCP&L complied with the Commission order concerning rate**
2 **design?**

3 A: Yes. In the consideration of rate design modifications, the Company took into account
4 the elements of the Commission order and is proposing structure changes that balance the
5 Commission's concerns, principles of sound rate design, and our ability to implement the
6 resulting rate design structure. The rate design proposed in this case is based on updated
7 bill frequency data that corresponds with the 2011 calendar year test year. I believe that
8 the preparation of this rate design recommendation along with the updated CCOS model
9 mentioned previously, complies with the terms detailed in the Commission's 415 Order.
10 As previously stated the Company communicated with Commission Staff to prepare a
11 joint motion advising the Commission that the inclusion of rate design as part of the
12 instant filing meets the rate design filing requirements of the 415 Order.

13 **Q: Were you involved with the rate design issue in the 415 Docket?**

14 A: Yes. In the 415 Docket I worked under the direction of the Company's main rate design
15 witness, Mr. Timothy M. Rush, and helped with the development of his testimony in that
16 matter. In fact, to the extent that testimony is applicable in this case I have incorporated
17 it here as my own.

18 **Q: Before you describe the details of the rate design, please take a moment and**
19 **describe the current KCP&L rate structure.**

20 A: The Company's overall rate structure is comprised of seven individual customer
21 structures, called classes (Residential, Small General Service, Medium General Service,
22 Large General Service, Large Power Service, Off-Peak Lighting, and Other Lighting).
23 Each class has subclasses within the class. Charges for each class are levied through a

1 combination of four classification components - all classes have a fixed charge
2 (Customer), and depending on the size of service, up to three variable charges (Facility,
3 Demand, and Energy).

4 The subclasses for Residential, Small General Service, Medium General Service
5 and Large General Service rates are distinguished further between general use and
6 customers with electric space heating. The residential class also includes subclasses for
7 electric heating, separate meter electric space heating, and electric space heating with
8 water heating. Non-residential rates are broken down further between primary,
9 secondary, and in the largest class, substation and transmission voltages.

10 Most rate components are segmented into declining blocks which provide lower
11 rates for higher levels of usage. The declining block structure is used because typically
12 not all fixed costs are recovered in the customer, demand or facility charges and it allows
13 for recovery of most other fixed charges in the first block of the rate. The latter blocks
14 primarily recover variable costs with a small contribution to fixed costs.

15 All classes, except for the lighting classes, have lower rates for winter usage
16 compared to summer rates. KCP&L is a summer peaking utility, meaning the highest
17 demand occurs during the summer months. This means that the electric plant installed to
18 meet this summer demand, which is available year-round, may not be fully utilized by
19 retail customers in the winter time.

20 The rate classes are appropriately managed by our internal billing systems and
21 require simple metering equipment, which measures energy (i.e., kWhs) and demand
22 (i.e., kW).

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

2 A: Some elements of KCP&L's rate structure have been in place for decades. However, the
3 most recent comprehensive rate design effort was initiated in 1997 in Docket No. 97-
4 KCPE-661-RTS and was ultimately concluded through a separate proceeding in 1999,
5 Docket No. 98-KCPE-500-TAR (the "500 Docket"). The 500 Docket took over a year to
6 complete, required considerable internal and external effort, and drew heavily from an
7 earlier, multi-year rate design effort by KCP&L in Missouri. The goals of the rate design
8 effort were defined on page 6 of the Direct Testimony of KCP&L witness Charles J.
9 Locke in the 500 Docket. The goals included:

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

15 The resulting rate structure provided better organization of the rates, provided rate
16 continuity between the classes, introduced seasonal rates to the classes that previously did
17 not have summer/winter price differentials, and unbundled the rates by function. The rate
18 structure was developed through a collaborative process, was ultimately supported by
19 Commission Staff and CURB, and has served the customers and the Company well in the
20 years since.⁷

⁷ Docket No. 10-KCPE-415-RTS, Rebuttal Testimony of Timothy M. Rush, filed July 26, 2010, pp. 6-8.

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

3 A: I support the considerations or rate design principles previously offered by the Company⁸
4 and excerpted here. They are:

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

- 6 1) the price elasticity of any new design in its revenue requirement;
- 7 2) the risk of the revenue requirement coming from higher blocks; and
- 8 3) the effect of any rate switching that may occur in the revenue requirement.

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

17 Minimize Customer Dissatisfaction –

- 18 1) Changes must be made in such a way as to minimize significant impacts to
19 customers. This may require a gradual or multi-phase shift, if the impact
20 on customers is considered too harsh for a single shift.
- 21 2) If rates are to be no longer offered to new customers (i.e., frozen from new
22 customer locations), the Company should allow for some time period to
23 elapse so that customers currently committed to and installing specific

1 equipment or operating on specific schedules based on current rates can
2 still get the rate to justify their choices.

3 3) If a rate is to be discontinued to all customers, the rate impact of those
4 customers should be considered and the evaluation of the alternative rates
5 the customer would move to should be considered in the determination of
6 the revenue requirement of the Company.

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

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

11 **Q: Are you sponsoring the electric tariffs filed in this case that set forth the rate design
12 you are proposing?**

13 A: Yes, I am.

14 **Q: Please describe generally the proposed changes set out in these tariffs?**

15 A: The Company is requesting an increase in the base rates of \$63.55 million (12.9%). This
16 increase will be applied to the customer classes and rates in a manner to better reflect the
17 cost relationships defined in the CCOS study and to achieve a level of simplification. In
18 general, I am recommending the following rate design:

19 1) Apply the increase to the rate classes to reduce inter-class disparity identified by the
20 CCOS study, while reducing the potential for rate switching.

21 2) Consolidate the residential rates, combining the Residential General Use (RESA) and
22 the Residential General Use with Water Heating (RESB) into a single General Use
23 rate. Then combine the Residential General Use with Space Heat – Two Meter

⁸ Id.

1 (RESA), and Residential General Use and Water Heat with Space Heat – Two Meter
2 (RESE) rates into a single two-meter Space Heat Rate.

3 3) Merge the three customers remaining in the Large Power class with the Large
4 General Service class.

5 4) Adjust the customer charge for each rate as supported by the CCOS study.

6 Additionally I am recommending the following:

7 1) Create a Residential-Other Use Rate to provide an alternative for loads “in
8 between” the Residential and General Service classes.

9 2) Cancel plans to implement a Green Power Program.

10 **Q: Before you detail the elements of these recommendations, do these changes take into**
11 **account the critical issues you previously mentioned on pages 15-16 of your**
12 **testimony?**

13 A: Yes. I would offer that all critical issues are addressed. Specifically for each critical
14 issue:

15 Provide Revenue Stability and Risk Mitigation – the rates retain the proven multi-
16 part design that address both fixed and variable costs.

17 Implement Cost-Based Rates – each rate is more consistently aligned with CCOS
18 results.

19 Minimize Customer Dissatisfaction – changes are meaningful but not extreme.
20 Impacts have been limited to avoid unnecessary impacts.

21 Simplify the Rate Structure – total numbers of rates are reduced.

1 Consider Technology Issues – structures remain consistent with those currently
2 billed by our Customer Information System and are supported by our existing
3 metering infrastructure.

4 **Q: Do these changes take into account the direction of the Commission from the**
5 **415 Docket?**

6 A: Yes, I believe the changes take a majority of the Commission directions into account. As
7 noted before, the recommended rate changes address fair cost apportionment among the
8 classes, providing revenue stability and risk mitigation, minimize customer
9 dissatisfaction, simplify the rate structure, and consider technology issues. I believe
10 some of the Commission directions in the 415 Docket could be considered broad and
11 would be difficult to implement without extensive analysis and evaluation of impacts.
12 For instance, Commission direction to “incorporate concepts from several emerging
13 issues” (dynamic pricing and fuel switching), “allow a more in depth consideration of the
14 Commission's energy efficiency and energy conservation goals as set forth in Docket
15 Nos. 08-GIMX-441-GIV and 08-GIMX-442-GIV,” and “promot[e] economic
16 development through rate structure” are concepts with broad interpretations. For
17 example, efforts to implement some of the dynamic pricing alternatives would need to be
18 coupled with a discussion of peak energy goals. Reductions in energy consumption may
19 have significant impacts on how peak energy-focused rates are viewed in relation to other
20 rate design goals. Further, economic development can take many shapes. Without a
21 more complete and collaborative discussion of economic development goals, rate design
22 efforts could result in unexpected or unwanted results.

1 **Q: Will you please detail how KCP&L's proposed increase will be applied to the**
2 **classes?**

3 A: As noted before, following consideration of rate design principles and the CCOS results
4 to provide a zone of reasonableness from which to establish my proposed revenue targets,
5 I am recommending a targeted application of the increase to the classes. Specifically,
6 instead of applying the system average increase to each rate class, I propose to limit the
7 increase applied to the Small General Service Class to 10% with the remaining unapplied
8 amounts assigned to the Large General Service and Large Power classes. The shift will
9 move just under \$1 million dollars between the three classes. This will not completely
10 correct the differences in class returns but will make positive movement in that regard.
11 More aggressive movement would expose the Company to significant revenue risk as a
12 result of rate switching. The proposed class increases are detailed in Schedule BDL-2.

13 **Q: Would you please detail the proposed changes for the Residential class?**

14 A: The primary change for the Residential class is to consolidate the rates, combining the
15 Residential General Use (RESA) and the Residential General Use with Water Heating
16 (RESB) into a single General Use rate. Then combining the Residential General Use
17 with Space Heat – Two Meter (RESD), and Residential General Use and Water Heat with
18 Space Heat – Two Meter (RESE) rates into a single Two Meter Space Heat Rate. In the
19 course of combining the rates, the winter energy charges were also aligned. As proposed,
20 the resulting general use rate will have specific winter energy charges and the two
21 remaining heating rates will have the same winter energy charges.

1 Additionally our proposal includes some alignment of customer charge costs to
2 the results of the CCOS study. The customer charge for the two-meter rates has been
3 increased from \$9.83 to \$11.25.

4 Finally, a Residential Other Use rate schedule has been added to the class.

5 **Q: What is the purpose of the Residential Other Use rate?**

6 A: Consistent with our other rate jurisdictions we have identified a need for a new
7 Residential Other Use schedule. Example applications of this rate include a detached,
8 separately metered building such as a garage or a well pump for the residence. KCP&L
9 receives customer complaints regarding the billing of their separately metered detached
10 garage (or similar structure) on a commercial rate, typically Small General Service rate
11 schedule SGS. The customers argue that the separately metered service should be billed
12 on a residential rate similar to that billed for their house even though the garage's energy
13 requirements do not resemble those of a residence.

14 By offering a Residential Other Use rate schedule that identifies the appropriate
15 types of buildings or facilities qualified for service under the rate schedule, less confusion
16 will be experienced by both the customer and the Company. This new rate will foster
17 rate acceptance by customers and simplify tariff administration. Based on the dual nature
18 of this rate the customer charge for this new rate will match the customer charge of the
19 other residential rates and the energy charges will match the first block of the Small
20 General Service energy rate. The proposed Residential Other Use rate schedule is
21 attached to my testimony as Schedule BDL-3. If a customer is truly running a
22 commercial business (such as an auto repair shop) in a detached building, then KCP&L
23 will continue to place the service on the Small General Service rate.

1 **Q: Would you please detail the proposed changes to the General Service classes?**

2 A: I am recommending the Small General Service class receive a limited increase of 10% to
3 help correct its rate of return, the Medium General Service class will receive a system
4 average increase, and the Large General Service class will receive the system average
5 increase plus its share of the remaining unassigned amounts from the Small General
6 Service class. Additionally, I am recommending increasing the customer charge of the
7 Large General Service class from \$88.30 to \$100.00 for customers under 1000 kW and
8 from \$604.17 to \$690.00 for customers over 1000 kW. In the course of applying the rate
9 increase, the first block of the winter energy charges for the Primary and Secondary rates
10 were aligned with the first block of the summer energy charge. As a result of the change
11 the Large General Service – Primary rates will have the same rate for the first block of
12 summer and winter energy use. A similar movement was made for the Large General
13 Service – Secondary rate but was limited by the available class revenue target. Lastly, I
14 am recommending the Large Power class be combined with the Large General Service
15 class. This recommendation is discussed in more detail later.

16 Broader changes than those proposed are not warranted and would threaten the
17 interrelationship of the rates. These rates are designed as a progressive series of rates to
18 serve the needs of commercial customers. As a customer grows its business, the rates
19 provide a progressive path to address the changing energy needs. Because of the
20 relationships between the General Service classes, changes are limited to avoid
21 unexpected breaks in the progression. Such an unexpected break occurred in a prior case,
22 Docket No. 07-KCPE-905-RTS, where an isolated adjustment was made to the Large
23 Power Class, breaking the relationship to the adjacent Large General Service class. As a

1 result of the relationship change, all but three of KCP&L's Large Power Kansas
2 customers abandoned the rate. The rate switching that occurred resulted in a loss to the
3 Company of over \$1 million on an annual basis. This event exemplifies how changes
4 made to only one part of our rate structure can jeopardize the relationship with other,
5 unchanged rates.

6 However, despite this potential for breaking class relationships, I believe the more
7 important justification for making limited changes in the General Services classes is that
8 the General Service rates are appropriately designed and priced as they are. Commercial
9 and Industrial rates are the most difficult rates to design and maintain. As an electric
10 utility serving a broad, urban area we experience customer groups who generate a
11 multitude of load characteristics and a multitude of requirements on the utility systems.
12 Designing a rate structure that best addresses these variables has been the focus of many
13 generations of rate practitioners. The rates currently used by the Company have been
14 serving us and our customers well in both Kansas and Missouri by making use of
15 multiple components to address fixed and variable cost recovery, seasonal pricing to
16 reflect variations in cost, and include hour-use pricing for energy.

17 **Q: Why are these features beneficial?**

18 A: Utility costs generally take two forms, fixed costs and variable costs. Fixed costs are
19 incurred even if no energy is consumed. Variable costs are related to the consumption of
20 electricity. Good rate structures are thought to include multiple components that will
21 allow unique pricing and recovery of these cost types. Our General Service rates include
22 four components to accomplish this task, Customer, Facility, Demand, and Energy.

1 Concerning seasonal pricing, it is common that prices fluctuate based on the
2 season. In our area where customers experience distinct summer and winter periods,
3 seasonal rates are used to reflect the seasonal variations in cost incurred by the Company
4 as part of the rate structure.

5 Finally, hours-use energy block structures are used to provide a more thorough
6 recognition of customer behavior in the pricing of energy. Hours-use is a representation
7 of the hours used at the full customer demand. By dividing the total monthly kWh by the
8 monthly maximum kW demand you generate the “hours-use” the customer used in that
9 month. There are 720 hours in a typical 30-day month. The calculated hours-use for a
10 month can be used to compare against this 720 available hours. To generalize, the higher
11 the hours-use the customer uses, the more efficient the use of demand.

12 **Q: Why is the hours-use structure preferred by the Company?**

13 A: The hours-use pricing is a time tested ratemaking technique that seeks to recognize both
14 load and energy in the rate form. Calculation of the hours-use is, in effect, calculating the
15 load factor of the customer. By then using three “load-factor blocks” in the pricing (one
16 from 0 to 25%, one from 25 to 50%, and a third for greater than 50%) the Company
17 recognizes, through declining rates, the benefit to the system of higher customer load
18 factor. In short, the hours-use rate provides dynamic pricing that essentially creates an
19 infinite number of rates for customers within the class.

20 **Q: Why is load factor an important consideration?**

21 A: Load factor is essentially a measure of efficiency for energy usage. By imbedding load
22 factor into the rate structure we are creating a price signal for customers to improve their
23 utilization of Company facilities. These impacts could be represented through the full

1 range of facilities from the generating station to the distribution transformer. Increased
2 consumption generally reduces unit costs where demands remain reasonably consistent.

3 **Q: Is hours-use pricing superior to simple kWh block pricing?**

4 A: I believe so. Block pricing is a very understandable pricing technique but it does little
5 more than provide steps for pricing. Prices could be arranged in an inclining or declining
6 structure depending on the need to recover fixed costs or the desire to force conservation.
7 The method we have used to implement the hours-use method might appear at first
8 glance as a declining block price when, in fact, the rate is merely reflecting the system
9 benefits of higher customer efficiency. I believe many of our customers recognize this
10 feature of our rates and have employees who specialize in energy management and who
11 work to maximize this efficiency.

12 **Q: Would you please detail the proposed change to the Large Power class?**

13 A: I propose applying a system average increase plus its share of the remaining unassigned
14 amounts from the Small General Service class to the Large Power class and then
15 combining the three remaining customers in the Large Power class into the Large General
16 Service class. The customer on the Large Power – Primary rate would become part of the
17 Large General Service – Primary rate and the Large Power – Substation and Large Power
18 – Transmission customers would remain in their rates but be moved and renamed into the
19 Large Power Class. These three customers remain as a result of rate changes
20 implemented in the 905 Docket, when nearly all of the Large Power customers migrated
21 to the Large General Service rate. These customers remain in the Large Power class
22 largely because service voltages limit their ability to migrate to the Large General Service
23 rates. It is not reasonable to maintain a rate class representing only three customers. The

1 resulting class would retain the Large General Service title and would include the Large
2 General Service Secondary, Large General Service Primary, Large General Service
3 Secondary – Space Heating, Large General Service Primary – Space Heating rates and
4 would add a Large General Service Substation and a Large General Service Transmission
5 rates. This would be a largely cosmetic change as the Substation and Transmission rates
6 would retain their characteristics and relative pricing (recognition of losses and minimum
7 demands) as part of the consolidation.

8 **VI. GREEN PRICING TARIFF**

9 **Q: What is the Company’s position concerning Green Pricing?**

10 A: The Company has been actively investigating the benefits of a Green Pricing tariff.

11 These activities culminated in the filing of a Stipulation and Agreement in the 09-KCPE-
12 246-RTS docket (the “246 Docket”), in which the Company agreed that:

13 Prior to the filing of its next rate case, KCP&L agrees to work in a
14 collaborative fashion... explore the possibility of developing a green tariff
15 to accommodate the purchase and development of renewable energy in
16 Kansas. If such a tariff is developed through the collaborative process,
17 such tariff may be presented to the Commission for review and, if
18 appropriate, approval.⁹

19 As a result of that agreement the Company met multiple times with the Midwest Utility
20 Users Group (“MUUG”), Staff, and CURB to discuss the merits and possible
21 configuration of a Green Pricing program. Additionally, the Company performed
22 research as to programs implemented by other utilities. At that time we could not
23 identify a program design that met the needs of the parties to the 246 Docket.

⁹ *Joint Motion to Approve Stipulation and Agreement* filed on June 18, 2009 in Docket No. 09-KCPE-246-RTS, p. 13. The Commission approved this Stipulation and Agreement in *Order: 1) Approving Stipulation and Agreement; and 2) Addressing Scope of Final Rate Case Under the Approved 2005 Regulatory Plan* issued on July 24, 2009.

1 Since that time, our research into Green Pricing has continued to the point we
2 believe a Green Pricing tariff is no longer appropriate for our Company. The primary
3 driver for this change is the fact that customer support for Green Power is changing.
4 Renewable Energy Standards (“RES”) are in place to encourage development of
5 renewable energy.¹⁰ Green Power programs are no longer needed to drive that
6 expansion. Now customers are more interested in obtaining certified Renewable Energy
7 Certificates for compliance with corporate energy initiatives, corporate promotion, or the
8 U.S. Green Building Council’s Leadership in Energy and Environmental Design
9 (“LEEDS”) certification.¹¹ Over the past five years other sources for certified RECs have
10 developed as an alternative to Green Power programs. Customers are able to directly
11 purchase certified RECs via web-based retailers. A recent search of retail sources
12 identified a listing by the U.S. Department of Energy identifying at least 25 such
13 vendors.¹²

14 Considering the availability of these alternate sources, it is the opinion of the
15 Company that a REC-based utility program cannot be implemented without adding cost
16 to the transaction. Alternately, an asset-based utility program creates difficulties with
17 RES compliance and is dependent on external factors to support asset build out. Taken in
18 total the Company believes that the need for utility Green Pricing programs has declined
19 to the point where it does not appear justified for our customers.

¹⁰ K.S.A. 2010 Supp. 66-1256, et seq.

¹¹ U.S. Green Building Council website. What LEED Is. *See*
<http://www.usgbc.org/DisplayPage.aspx?CMSPageID=1988>

¹² U.S. Department of Energy website. Energy Efficiency and Renewable Energy / The Green Power
Network / Green Power Markets / Renewable Energy Certificates (RECs) / Retail Products. *See*
<http://apps3.eere.energy.gov/greenpower/markets/certificates.shtml?page=1>

1 **VII. OTHER TARIFF-RELATED ITEMS**

2 **Q: Other than pricing changes related to the general rate increase request, are you**
3 **proposing any changes to the rate tariffs?**

4 A: Yes, I am. The Company is proposing a new Table of Contents (Schedule BDL-4). Over
5 the past several years, the Table of Contents has not been correctly updated to reflect
6 tariff changes. Additionally, we have found the existing index difficult to use when
7 browsing for particular schedules. To resolve these issues we have expanded and
8 reorganized the Table of Contents. The proposed version will now have two sections, a
9 section organized by topic and a section ordered by sheet number. We believe this new
10 presentation will provide all users of the Company's tariffs a clearer representation of the
11 contents.

12 Further, KCP&L is proposing the addition of an "Adjustment and Surcharges"
13 section to each of its rate tariffs. This section will identify all of the applicable riders
14 associated with the rate. KCP&L currently has the Energy Cost Adjustment, Energy
15 Efficiency Rider, Property Tax Surcharge, and Tax Adjustment riders. While each rider
16 tariff includes language identifying the applicable rate schedules, this section is being
17 added to more clearly identify all charges associated with the rate schedules.

18 **Q: Do you have any other rate-design related matter to offer at this time?**

19 A: Yes. In response to the Commission's 415 Order concerning consideration of dynamic
20 pricing alternatives and energy efficient rates, I would like to make the Commission
21 aware of a Residential Time of Use Pilot currently underway in the Company's Missouri
22 jurisdiction. In January 2012 the Company received approval from the Missouri Public
23 Service Commission to implement a Residential Time of Use ("TOU") Pilot within its

1 Smart Grid Demonstration Area. The TOU Pilot will make use of Advanced Metering
2 Infrastructures, an Energy Management Portal, and other Smart Grid technologies to
3 evaluate customer adoption and response to this dynamic pricing alternative. Under the
4 TOU Pilot rate customers will be provided a moderately aggressive, six-fold price
5 differential to shift summer usage from on-peak to off-peak periods. The TOU Pilot will
6 extend through 2014 and will provide the Company with important experience that will
7 help guide our deployment of new technologies and rates. Results will be evaluated and
8 applied to all Company jurisdictions as appropriate.

9 **VIII. RULES AND REGULATIONS**

10 **Q: Do you recommend any changes to the Company's Kansas Rules and Regulations?**

11 A: Yes, I do. Within KCP&L's Rule 4.07 on Sheet 27, Average Payment Plan, the
12 Company is requesting a change. We are proposing the addition of an "Eligibility"
13 section. The current rule speaks to a "Qualified Customer" but does not establish the
14 requirements for this qualification. The text for this addition has been taken directly from
15 our equivalent Missouri rule. Please see Schedule BDL-5 for details of the addition.

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

17 A: Yes, it does.

**KANSAS RESIDENTIAL GENERAL SERVICES
SUMMARY OF PROPOSAL SCENARIOS**

INPUT FOR MODEL				Rate Design Scenarios
Cust Chg	Present Rates	Rates With Increase	Proposed Rates	
JURISDICTIONAL INCREASE (%)		12.8626%		
CUSTOMER CHARGE				
One Meter	9.83	11.09	11.09	Manual increase to tie to total revenue
Two Meters	9.83	11.25	11.25	
ENERGY CHARGE				
Summer Rate				
0-1000	0.09474	0.10693	0.10693	
1000+	0.09474	0.10693	0.10693	
Winter Rates				
<u>General Use (RESA)</u>				
0-1000	0.07315	0.08256	0.08256	
1000+	0.07315	0.08256	0.08256	
<u>General & W/H (RESB)</u>				
0-1000	0.06585	0.07432	0.08256	Set equal to RESA winter, first block
1000+	0.07315	0.08256	0.08256	Set equal to RESA winter, second block
<u>General & S/H - 1 Mtr (RESC)</u>				
0-1000	0.06585	0.07432	0.07432	
1000+	0.05748	0.06487	0.06487	
<u>General Use (RESD)</u>				
0-1000	0.07315	0.08256	0.07432	Set equal to RESC winter, first block
1000+	0.07315	0.08256	0.06487	Set equal to RESC winter, second block
<u>General & W/H (RESE)</u>				
0-1000	0.06585	0.07432	0.07432	
1000+	0.07315	0.08256	0.06487	Set equal to RESC winter, second block
<u>Separately Metered Space Heat</u>				
Summer Rate	0.09474	0.10693	0.10693	
Winter Rate	0.05748	0.06487	0.06487	
T-O-U (RTOD)				
Customer Charge	13.85	15.63	15.63	
Summer On-Peak	0.15519	0.17515	0.17515	
Summer Off-Peak	0.06480	0.07313	0.07313	
Winter	0.06775	0.07646	0.07646	

**KANSAS SMALL GENERAL SERVICES
SUMMARY OF PROPOSAL SCENARIOS**

INPUT FOR MODEL				Rate Design Scenarios
Cust Chg	Current Rates	Rates w/ Increase	PROPOSED RATES	
JURISDICTIONAL INCREASE (%)		10.0000%		
A: CUSTOMER CHARGE				
Metered Service:				
0-24 KW	16.31	17.94	17.94	
25-199 KW	42.64	46.90	46.90	
200-999 KW	42.64	46.90	46.90	
1001+ KW	42.64	46.90	46.90	
Unmetered Service	7.00	7.70	7.70	
Separately Metered Space Heat	1.93	2.12	2.12	
B: FACILITIES CHARGE				
SECONDARY:				
0-25 KW	-	-	-	
26+ KW	2.513	2.764	2.764	
PRIMARY:				
0-26 KW	-	-	-	
27+ KW	2.126	2.339	2.339	
C: ENERGY CHARGE				
<u>SECONDARY-SUMMER:</u>				
0-180 hrs use per month	0.12820	0.14102	0.14102	
181-360 hrs use per month	0.05629	0.06192	0.06192	
361+ hrs use per month	0.05031	0.05534	0.05534	
<u>SECONDARY-WINTER:</u>				
0-180 hrs use per month	0.10205	0.11226	0.11226	
181-360 hrs use per month	0.04809	0.05290	0.05290	
361+ hrs use per month	0.03792	0.04171	0.04171	
<u>PRIMARY-SUMMER:</u>				
0-180 hrs use per month	0.12497	0.13747	0.13747	
181-360 hrs use per month	0.05473	0.06020	0.06020	
361+ hrs use per month	0.04899	0.05389	0.05389	
<u>PRIMARY-WINTER:</u>				
0-180 hrs use per month	0.09942	0.10936	0.10936	
181-360 hrs use per month	0.04690	0.05159	0.05159	
361+ hrs use per month	0.03684	0.04052	0.04052	
<u>SECONDARY-WINTER - ALL ELECTRIC</u>				
0-180 hrs use per month	0.06938	0.07632	0.07632	
181-360 hrs use per month	0.04210	0.04631	0.04631	
361+ hrs use per month	0.03649	0.04014	0.04014	
<u>PRIMARY-WINTER - ALL ELECTRIC</u>				
0-180 hrs use per month	0.06771	0.07448	0.07448	
181-360 hrs use per month	0.04102	0.04512	0.04512	
361+ hrs use per month	0.03552	0.03907	0.03907	
D: SEPARATELY METERED S/H-WINTER				
SECONDARY	0.03792	0.04171	0.04171	
PRIMARY		-		
E: REACTIVE DEMAND ADJUSTMENT				
	0.582	0.640	0.640	

**KANSAS MEDIUM GENERAL SERVICE
SUMMARY OF PROPOSAL SCENARIOS**

INPUT FOR MODEL				
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES	Proposed Scenarios
JURISDICTIONAL INCREASE (%)		12.8626%		
A: CUSTOMER CHARGE				
0-24 KW	43.09	48.63	48.63	
25-199 KW	43.09	48.63	48.63	
200-999 KW	43.09	48.63	48.63	
1001+ KW	43.09	48.63	48.63	
Separately Metered Space Heat	1.96	2.21	2.21	
B: FACILITIES CHARGE				
SECONDARY:	2.514	2.837	2.837	
PRIMARY:	2.122	2.395	2.395	
C: DEMAND CHARGE				
SECONDARY-SUMMER:	3.519	3.972	3.972	
SECONDARY-WINTER	1.782	2.011	2.011	
PRIMARY-SUMMER	3.438	3.880	3.880	
PRIMARY-WINTER	1.742	1.966	1.966	
SECONDARY-WINTER - ELEC ONLY	2.445	2.759	2.759	
PRIMARY-WINTER - ELEC ONLY	2.392	2.700	2.700	
D: ENERGY CHARGE				
<u>SECONDARY-SUMMER:</u>				
0-180 hrs use per month	0.07979	0.09005	0.09005	
181-360 hrs use per month	0.05001	0.05644	0.05644	
361+ hrs use per month	0.05061	0.05712	0.05712	
<u>SECONDARY-WINTER:</u>				
0-180 hrs use per month	0.07145	0.08064	0.08064	
181-360 hrs use per month	0.04010	0.04526	0.04526	
361+ hrs use per month	0.03375	0.03809	0.03809	
<u>PRIMARY-SUMMER:</u>				
0-180 hrs use per month	0.07776	0.08776	0.08776	
181-360 hrs use per month	0.04846	0.05469	0.05469	
361+ hrs use per month	0.04629	0.05224	0.05224	
<u>PRIMARY-WINTER:</u>				
0-180 hrs use per month	0.06977	0.07874	0.07874	
181-360 hrs use per month	0.03915	0.04419	0.04419	
361+ hrs use per month	0.03078	0.03474	0.03474	
<u>SECONDARY-WINTER - ALL ELECTRIC</u>				
0-180 hrs use per month	0.04213	0.04755	0.04755	
181-360 hrs use per month	0.02551	0.02879	0.02879	
361+ hrs use per month	0.02217	0.02502	0.02502	
<u>PRIMARY-WINTER - ALL ELECTRIC</u>				
0-180 hrs use per month	0.04096	0.04623	0.04623	
181-360 hrs use per month	0.02480	0.02799	0.02799	
361+ hrs use per month	0.02157	0.02434	0.02434	
E: SEPARATELY METERED S/H-WINTER				
SECONDARY	0.03185	0.03595	0.03595	
PRIMARY	-	-	0.00000	
F: REACTIVE DEMAND ADJUSTMENT	0.582	0.657	0.657	

**KANSAS LARGE GENERAL SERVICE
SUMMARY OF PROPOSAL SCENARIOS**

INPUT FOR MODEL				Proposed Scenarios
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES	
JURISDICTIONAL INCREASE (%)		0.01657	0.13042	
A: CUSTOMER CHARGE				
0-24 KW	88.30	100.00	100.00	
25-199 KW	88.30	100.00	100.00	
200-999 KW	88.30	100.00	100.00	
1001+ KW	604.17	690.00	690.00	
Separately Metered Space Heat	1.94	1.94	2.19	
B: FACILITIES CHARGE				
SECONDARY:	2.556	2.598	2.937	
PRIMARY:	2.149	2.185	2.470	
C: DEMAND CHARGE				
SECONDARY-SUMMER:	5.520	5.612	6.344	
SECONDARY-WINTER	2.800	2.847	3.218	
PRIMARY-SUMMER	5.396	5.486	6.201	
PRIMARY-WINTER	2.738	2.783	3.146	
SECONDARY-WINTER - ELEC ONLY	2.545	2.587	2.924	
PRIMARY-WINTER - ELEC ONLY	2.487	2.528	2.858	
D: ENERGY CHARGE				
SECONDARY-SUMMER:				
0-180 hrs use per month	0.05809	0.05809	0.06567	
181-360 hrs use per month	0.04152	0.04152	0.04693	
361+ hrs use per month	0.02373	0.02373	0.02682	
SECONDARY-WINTER:				
0-180 hrs use per month	0.05839	0.05839	0.06584	Moved closer to Sec. Summer First Block
181-360 hrs use per month	0.03538	0.03538	0.03999	
361+ hrs use per month	0.02643	0.02643	0.02988	
PRIMARY-SUMMER:				
0-180 hrs use per month	0.05642	0.05642	0.06378	
181-360 hrs use per month	0.04020	0.04020	0.04544	
361+ hrs use per month	0.02278	0.02278	0.02575	
PRIMARY-WINTER:				
0-180 hrs use per month	0.05685	0.05685	0.06378	Set equal to Primary Summer First Block
181-360 hrs use per month	0.03455	0.03455	0.03906	
361+ hrs use per month	0.02571	0.02571	0.02906	
SECONDARY-WINTER - ALL ELECTRIC				
0-180 hrs use per month	0.04063	0.04063	0.04593	
181-360 hrs use per month	0.02536	0.02536	0.02867	
361+ hrs use per month	0.02082	0.02082	0.02354	
PRIMARY-WINTER - ALL ELECTRIC				
0-180 hrs use per month	0.03956	0.03956	0.04472	
181-360 hrs use per month	0.02452	0.02452	0.02772	
361+ hrs use per month	0.02011	0.02011	0.02273	
E: SEPARATELY METERED S/H-WINTER				
SECONDARY	0.02654	0.02654	0.03000	
PRIMARY				
F: REACTIVE DEMAND ADJUSTMENT	0.582	0.582	0.658	

**KANSAS LARGE POWER SERVICE
SUMMARY OF PROPOSAL SCENARIOS**

INPUT FOR MODEL				Proposed Scenarios
Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES	
JURISDICTIONAL INCREASE (%)		13.5384%		
A: CUSTOMER CHARGE				
	644.98	732.30	732.30	
	-	-	-	
Additional Meter Chg-S/H	2.07	2.35	2.35	
B: FACILITIES CHARGE				
<u>SECONDARY:</u>				
SECONDARY:	2.685	3.049	3.049	
PRIMARY:	2.267	2.574	2.574	
SUBSTATION VOLTAGE	0.693	0.787	0.787	
TRANSM VOLTAGE	-	-	-	
C: DEMAND CHARGE				
<u>SECONDARY-SUMMER:</u>				
First 2450 kw	9.719	11.035	11.035	
Next 2450 kw	9.078	10.307	10.307	
Next 2450 kw	6.707	7.615	7.615	
All kw over 7350 kw	4.896	5.559	5.559	
<u>SECONDARY-WINTER</u>				
First 2450 kw	6.607	7.501	7.501	
Next 2450 kw	6.023	6.838	6.838	
Next 2450 kw	4.684	5.318	5.318	
All kw over 7350 kw	3.604	4.092	4.092	
<u>PRIMARY-SUMMER</u>				
First 2500 kw	9.497	10.782	10.782	
Next 2500 kw	8.870	10.071	10.071	
Next 2500 kw	6.553	7.441	7.441	
All kw over 7500 kw	4.784	5.432	5.432	
<u>PRIMARY-WINTER</u>				
First 2500 kw	6.455	7.330	7.330	
Next 2500 kw	5.886	6.682	6.682	
Next 2500 kw	4.576	5.197	5.197	
All kw over 7500 kw	3.522	3.998	3.998	
<u>SUBSTATION-SUMMER</u>				
First 2520 kw	9.385	10.655	10.655	
Next 2520 kw	8.766	9.953	9.953	
Next 2520 kw	6.476	7.353	7.353	
All kw over 7560 kw	4.727	5.368	5.368	
<u>SUBSTATION-WINTER</u>				
First 2520 kw	6.379	7.244	7.244	
Next 2520 kw	5.816	6.603	6.603	
Next 2520 kw	4.522	5.135	5.135	
All kw over 7560 kw	3.480	3.951	3.951	
<u>TRANSMISSION-SUMMER</u>				
First 2541 kw	9.301	10.560	10.560	
Next 2541 kw	8.687	9.863	9.863	
Next 2541 kw	6.418	7.287	7.287	
All kw over 7623 kw	4.685	5.320	5.320	
<u>TRANSMISSION-WINTER</u>				
First 2541 kw	6.322	7.179	7.179	
Next 2541 kw	5.764	6.544	6.544	
Next 2541 kw	4.482	5.089	5.089	
All kw over 7623 kw	3.449	3.916	3.916	

Cust Chg	Current Rates	Rates w/Rate Design	PROPOSED RATES
D: ENERGY CHARGE			
<u>SECONDARY-SUMMER:</u>			
0-180 hrs use per month	0.05043	0.05726	0.05726
181-360 hrs use per month	0.03081	0.03498	0.03498
361+ hrs use per month	0.01800	0.02044	0.02044
<u>SECONDARY-WINTER:</u>			
0-180 hrs use per month	0.04697	0.05333	0.05333
181-360 hrs use per month	0.03320	0.03769	0.03769
361+ hrs use per month	0.02411	0.02737	0.02737
<u>PRIMARY-SUMMER:</u>			
0-180 hrs use per month	0.04898	0.05561	0.05561
181-360 hrs use per month	0.02971	0.03373	0.03373
361+ hrs use per month	0.01727	0.01961	0.01961
<u>PRIMARY-WINTER:</u>			
0-180 hrs use per month	0.04574	0.05193	0.05193
181-360 hrs use per month	0.03223	0.03659	0.03659
361+ hrs use per month	0.02337	0.02653	0.02653
<u>SUBSTATION-SUMMER</u>			
0-180 hrs use per month	0.04828	0.05482	0.05482
181-360 hrs use per month	0.02926	0.03322	0.03322
361+ hrs use per month	0.01693	0.01922	0.01922
<u>SUBSTATION-WINTER</u>			
0-180 hrs use per month	0.04516	0.05127	0.05127
181-360 hrs use per month	0.03189	0.03621	0.03621
361+ hrs use per month	0.02303	0.02615	0.02615
<u>TRANSMISSION-SUMMER</u>			
0-180 hrs use per month	0.04768	0.05414	0.05414
181-360 hrs use per month	0.02890	0.03281	0.03281
361+ hrs use per month	0.01657	0.01880	0.01880
<u>TRANSMISSION-WINTER</u>			
0-180 hrs use per month	0.04468	0.05073	0.05073
181-360 hrs use per month	0.03153	0.03580	0.03580
361+ hrs use per month	0.02267	0.02573	0.02573
F: SEPARATELY METERED SPACE HEAT	0.02409	0.02735	0.02735
E: REACTIVE DEMAND ADJUSTMENT	0.582	0.661	0.661

KCP&L - Kansas Jurisdiction Class Revenue - Proposed Class Revenue Changes For Direct filing

KANSAS RATE GROUP	\$63,550,528 12.863%							
	Retail Revenues less ECA and EER	Adjustments / Credits	Revenue from Existing Rates	Requested Increase (Equally Applied)	Proposed Inter- class Shift	Requested Increase	Proposed Revenue	Class % Increase
LARGE POWER TOTAL	\$ 7,565,894	\$ 199,585	\$ 7,765,479	\$ 998,846	\$ 52,473	\$ 1,051,318	\$ 8,816,797	13.538%
LARGE GEN SVC TOTAL	\$ 132,073,047	\$ 1,605,290	\$ 133,678,337	\$ 17,194,562	\$ 903,287	\$ 18,097,849	\$ 151,776,186	13.538%
MEDIUM GEN SVC TOTAL	\$ 59,533,618	\$ 126,476	\$ 59,660,094	\$ 7,673,863		\$ 7,673,863	\$ 67,333,957	12.863%
SMALL GEN SVC TOTAL	\$ 33,370,186	\$ 17,166	\$ 33,387,352	\$ 4,294,495	\$ (955,760)	\$ 3,338,735	\$ 36,726,087	10.000%
RESIDENTIAL TOTAL	\$ 250,605,270	\$ (0)	\$ 250,605,270	\$ 32,234,452		\$ 32,234,452	\$ 282,839,722	12.863%
OFF PEAK LIGHTING	\$ 2,110,886	\$ -	\$ 2,110,886	\$ 271,516		\$ 271,516	\$ 2,382,402	12.863%
OTHER LIGHTING	\$ 6,863,245	\$ -	\$ 6,863,245	\$ 882,795		\$ 882,795	\$ 7,746,040	12.863%
KANSAS TOTAL	\$ 492,122,147	\$ 1,948,517	\$ 494,070,664	\$ 63,550,528	\$ -	\$ 63,550,528	\$ 557,621,192	

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 1 of 1 Sheets

RESIDENTIAL OTHER USE
Schedule ROU

AVAILABILITY:

This rate schedule applies to residential customers who do not qualify under any other residential rate. Customers qualifying for this rate will generally be those with well pumps, barns, machine sheds, detached garages, home workshops, or recreational vehicles whose meter is not connected to a single or multiple occupancy dwelling unit. This rate schedule cannot be used for any commercial or industrial customer.

RATE:

	<u>Summer</u>	<u>Winter</u>
Customer Charge	\$11.09 per month	\$11.09 per month
Energy Charge All Energy	\$0.14102 per kWh	\$0.11226 per kWh

MINIMUM:

Minimum Monthly Bill:

- (1) Customer Charge; plus
- (2) Any additional charges for line extensions, if applicable; plus
- (3) The monthly adjustment for Residential Conservation Service Program costs, if applicable.

SUMMER AND WINTER SEASONS:

The Summer Season is four consecutive months, beginning and effective May 16 and ending September 15, inclusive. The Winter Season is eight consecutive months, beginning and effective September 16 and ending May 15. Customer bills for meter reading periods including one or more days in both seasons will reflect the number of days in each season.

ADJUSTMENTS AND SURCHARGES:

The rates hereunder are subject to adjustment as provided in the following schedules:

- Energy Cost Adjustment (ECA)
- Energy Efficiency Rider (EER)
- Property Tax Surcharge (PTS)
- Tax Adjustment (TA)

REGULATIONS:

Subject to Rules and Regulations filed with the State Regulatory Commission.

Issued: April 20, 2012
Month Day Year

Effective: _____
Month Day Year

By: Darrin R. Ives Sr. Director
Title

FILED

THE STATE CORPORATION COMMISSION OF
KANSAS

By: _____
Secretary

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule TOC-1 Sheet 1

Rate Areas No. 2 & 4

(Territory to which schedule is applicable)

which was filed

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 1 of 3 Sheets

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KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule

TOC-1

Sheet 1

(Territory to which schedule is applicable)

which was filed

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 3 of 3 Sheets

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OF RATES FOR STATE OF KANSAS**

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15	Energy Efficiency Rider	EE
16	Residential Time of Day Service	RTOD
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33	Large General Service	LGS
34	Large Power Service	LPS
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46	Large General Service – Space Heating	LGA
67	Net Metering	NM
68	Parallel Generation Contract Service	PG
69	Municipal Ornamental Street Lighting Service	MOL
70	Off-Peak Lighting Service	LS
71	Private Unmetered Protective Lighting Service	AL
72	Comm. Street Lighting – Private Customers (Frozen)	CL
73	Municipal Street Lighting Service	ML
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By: Darrin Ives Sr. Director
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By: _____
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KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 1.27 Sheet 27

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed December 4, 2006

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 27 of 99 Sheets

**GENERAL RULES AND REGULATIONS
APPLYING TO ELECTRIC SERVICE (continued)**

4. BILLING AND PAYMENT (continued)

4.06 OTHER CHARGES:

(A) TEMPORARY SERVICE MINIMUM FEE: The Customer shall pay the Company the total estimated cost of connecting and disconnecting the Company's facilities pursuant to Rule 2.03. In no case will the charge be less than \$25.

(B) METER READING FEE: In the event a Customer does not furnish a meter reading pursuant to Rule 9.12, the Company may read the meter and charge the Customer \$5.

(C) RETURNED CHECK CHARGE: A charge not to exceed \$30.00, the maximum provided by K.S.A. 21-3707, may be assessed when a Customer's check is returned due to insufficient funds.

(D) METER TEST FEE: The Company may charge \$15 for meter tests made at the Customer's request if upon test the average meter error is found to be 2% or less.

4.07 AVERAGE PAYMENT PLAN:

(A) AVAILABILITY: This Average Payment Plan (Plan) is available to Customers receiving service under any Residential rate schedule. Qualified Customers may elect to be billed, and may pay, for all electric service provided by the Company under residential rate schedules in accordance with the terms and provisions of the Plan. The Plan is a self-adjusting program that tends to smooth out monthly fluctuations of electric service bills.

(B) ELIGIBILITY: To be eligible to elect to be billed under the terms and provisions of the Average Payment Plan, the Customer must meet the following requirements:

(a) The Customer must be currently receiving service under one of said schedules.

(b) The Customer must have received service continuously at his present premises for at least twelve (12) months prior to the election or agree to Company's estimate for such service.

(c) The Customer must not have outstanding with the Company any delinquent amount not in dispute.

(d) The Customer must satisfy, and be in conformance with, the Company's General Rules and Regulations Applying to Electric Service.

Issued: April 20, 2012
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THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 1.28

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 1.28 Sheet 28

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed May 9, 1999

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 28 of 99 Sheets

**GENERAL RULES AND REGULATIONS
APPLYING TO ELECTRIC SERVICE (continued)**

4. BILLING AND PAYMENT (continued)

4.07 AVERAGE PAYMENT PLAN: (continued)

(C) ELECTION: Each year the Company will notify those Customers then served under Residential rate schedules of the Plan by issuing a bill which shall contain two amounts: the actual amount due, and the Average Payment amount due under the Plan. The Customer elects to pay under the Plan if he pays the Average Payment amount. The next bill rendered to Customers who have not elected to pay under the Plan shall also contain two amounts: the actual amount due, and the Average Payment amount due. The Customer will again have the option to elect to pay under the Plan. A Customer may also elect to be billed under the Plan at any time by contacting the Company's Customer Communications Center. All qualified new Customers will be offered the Plan on their first bill.

(D) PAYMENT OF ARREARS UNDER THE PLAN: Customers who have an account balance in arrears shall be informed of, and may elect to be billed on this Average Payment Plan, if the following conditions are satisfied:

(1) The arrearage is not as a result of default of a previous payment agreement, including an agreement under the provisions of the Cold Weather Rule or this Rule 4.07 **(D)**;

(2) The arrearage is not as a result of tampering or diversion;

(3) The Customer agrees to pay, in twelve equal installments, an amount equal to the amount in arrears, divided by twelve (12), plus the Average Payment amount, to be determined in accordance with Rule 4.07 **(E)**.

Issued: April 20, 2012
Month Day Year

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Effective: _____
Month Day Year

THE STATE CORPORATION COMMISSION OF
KANSAS

By: Darrin R. Ives Sr. Director
Title

By: _____
Secretary

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THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 1.29

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule 1.29 Sheet 29

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed May 9, 1999

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No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 29 of 99 Sheets

**GENERAL RULES AND REGULATIONS
APPLYING TO ELECTRIC SERVICE (continued)**

4. BILLING AND PAYMENT (continued)

4.07 AVERAGE PAYMENT PLAN: (continued)

(D) PAYMENT OF ARREARS UNDER THE PLAN: (continued)

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Any Customer who fails to make timely payments of the Average Payment plus one-twelfth of the arrears amount, or who causes or permits diversion of electric service, shall be considered in default, and subject to disconnection in accordance with the provisions of Rule 5. The Company may require payment in full of the total amount in arrears as a condition of reconnection. A Customer who is in default will be removed from the Average Payment Plan, and shall not be eligible for participation in the Plan until all amounts owed are paid in full.

(E) AVERAGE PAYMENT AMOUNT:

(1) Initial enrollment year

The Company will calculate the Customer's total annual bill based on current rate schedules and appropriate taxes, and usage for the past 12 months. The first Average Payment amount due under the Plan will be this total annual bill divided by twelve. If a record of actual usage is not available, the Customer's usage will be estimated.

(2) Subsequent enrollment year

The company will calculate the Customer's subsequent enrollment year total annual bill based on current rate schedules and appropriate taxes, and usage for the past 12 months. Each subsequent Average Payment amount due under the plan will be this total manual bill divided by twelve, plus any adjustment, if applicable.

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Month Day Year

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Secretary

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THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 1.30

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed July 9, 2002

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 30 of 99 Sheets

**GENERAL RULES AND REGULATIONS
APPLYING TO ELECTRIC SERVICE (continued)**

4. BILLING AND PAYMENT (continued)

4.07 AVERAGE PAYMENT PLAN: (continued)

(E) AVERAGE PAYMENT AMOUNT: (continued)

(3) Adjustments

The monthly amounts payable under the Plan may be adjusted from time to time by the Company, at its option, to reflect any rate schedule changes. Annually, the Customer's recent yearly consumption history will be compared to the year's planned usage. The twelfth bill rendered shall state the amount over-or-under-collected for the previous year. This amount shall then be shown as an adjustment equally divided among the future twelve months, in addition to the previous twelve months actual usage then forming the basis of the next twelve months planned monthly average payment amount.

(4) Review of Contract

Customer may, at any time, request that the Company review the account for a modification to the average payment amount.

(E) PAYMENT: If the Average Payment Amount due is not paid before the delinquent date stated on the bill and the account has a debit balance, the Customer will be billed a late payment charge in an amount equal to two percent (2%) of the Average Payment Amount due.

(G) TERMINATION: The election shall continue from year to year, unless terminated upon the occurrence of any of the following events:

(1) The Customer closes his account with the Company. The Company will render a final bill to the Customer based upon actual unpaid usage to date.

(2) The Customer requests termination of Plan billing. Upon termination, the Customer's unpaid usage to the latest billing date plus any arrears shall be due and payable.

Issued: April 20, 2012
Month Day Year

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Effective: _____
Month Day Year

THE STATE CORPORATION COMMISSION OF
KANSAS

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Title

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Secretary

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THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 1.31

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas 2 & 4

(Territory to which schedule is applicable)

which was filed July 9, 2002

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 31 of 99 Sheets

GENERAL RULES AND REGULATIONS APPLYING TO ELECTRIC SERVICE (continued)

4. BILLING AND PAYMENT (continued)

4.07 AVERAGE PAYMENT PLAN: (continued)

(G) TERMINATION: (continued)

(3) If the Customer fails to make payment by the due date stated on any bill rendered under this Plan, Plan billing may be terminated. The Customer's unpaid usage plus arrears shall be due and payable, and bills based on actual usage will be subsequently issued. The Customer may reelect to be billed under the Plan by paying all amounts due and notifying the Company's Customer Communication Center.

(H) GENERAL RULES AND REGULATIONS APPLICABLE: Except as expressly set forth above, this Plan in no way modifies, terminates or suspends any of the Company's or Customer's rights or obligations, under the General Rules and Regulations Applying to Electric Service, including but not limited to payment of bills and discontinuance of service provisions.

Issued: April 20, 2012 (Month, Day, Year)

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Effective: (Month, Day, Year)

THE STATE CORPORATION COMMISSION OF KANSAS

By: Darrin R. Ives, Sr. Director (Name, Title)

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