

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

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**REBUTTAL TESTIMONY OF**

**LOIS J. LIECHTI**

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

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

**DOCKET NO. 06-KCPE-828-RTS**

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

2 A: My name is Lois J. Liechti. My business address is 1201 Walnut, Kansas City, Missouri  
3 64106.

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

5 A: I am employed by Kansas City Power & Light Company ("KCPL" or "Company") as  
6 Manager, Regulatory Affairs.

7 **Q: Are you the same Lois J. Liechti who pre-filed direct testimony in this case?**

8 A: Yes, I am.

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

10 A: To provide rebuttal comments to the direct testimony filed by other parties to this case  
11 concerning KCPL's class cost of service study ("CCOS study").

12 **Q: What is the purpose of the class cost of service?**

1 A: The purpose of the CCOS study is to determine the contribution that each customer class  
2 makes toward the Company's overall rate of return. The analysis underlying the CCOS  
3 study strives to attribute costs in relationship to the cost-causing factors of demand,  
4 energy and customers.

5 **Q: Have you reviewed the testimony filed by other parties concerning the Company's**  
6 **CCOS study?**

7 A: Yes, I have.

8 **Q: Please describe that testimony.**

9 A: Testimony related to KCPL's CCOS study was filed by the Kansas Corporation  
10 Commission ("KCC") Staff ("Staff"), Midwest Utility User Group ("MUUG"), and  
11 Wal-Mart. The KCC Staff prepared a complete CCOS study using allocation methods  
12 they believe to be appropriate for assigning costs to the respective classes and applying  
13 the study to rate design. The testimony prepared by MUUG did not include a study but  
14 instead evaluated the methods used by the Company and suggested methods and  
15 applications believed to be appropriate for assigning costs and applying the study to rate  
16 design. Wal-Mart prepared two complete class cost of service studies using two different  
17 allocation methodologies.

18 **Q: How did the results of the KCC Staff and Wal-Mart studies compare to the**  
19 **Company study?**

20 A: The results were very similar. Table 1 compares the studies on the basis of current rate of  
21 return.

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<b><u>Customer Class</u></b>	<b><u>KCPL</u></b>	<b><u>KCC Staff</u></b>	<b><u>Recommended Wal-Mart</u></b>
Total Jurisdiction	7.933%	7.23%	7.93%
Residential	6.956%	5.75%	5.77%
Small Gen. Service	8.265%	13.93%	7.77%
Medium Gen. Service	11.143%	13.24%	11.63%
Large Gen. Service	9.342%	6.71%	12.16%
Large Power	8.149%	7.12%	12.84%
Off-Peak Lighting	9.309%	11.37%	1.94%
Other Lighting	1.747%	0.25%	0.76%

13 **Q: You said Wal-Mart prepared two studies. What was the difference between the**  
14 **studies?**

15 A: The recommended study prepared by Wal-Mart relied on an “average and excess”  
16 allocator for the allocation of fixed production and transmission costs. The alternative  
17 study prepared by Wal-Mart relied on a “coincident peak” allocator for those costs.

18 **Q: Please compare the results of the two studies.**

19 A: Table 2 is a comparison of the two studies prepared by Wal-Mart.

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<b><u>Customer Class</u></b>	<b><u>Recommended Wal-Mart</u></b>	<b><u>Alternative Wal-Mart</u></b>
Total Jurisdiction	7.93%	7.93%
Residential	5.77%	5.40%
Small Gen. Service	7.77%	8.91%
Medium Gen. Service	11.63%	12.21%
Large Gen. Service	12.16%	12.02%
Large Power	12.84%	13.15%
Off-Peak Lighting	1.94%	34.91%
Other Lighting	0.76%	2.01%

1 **Q: Are the differences between the studies to be expected?**

2 A: Yes. While the studies used the same base data, the choice of allocators will alter the  
3 results. The result of any CCOS study is a function of the allocation methodology  
4 chosen. While the study work is precise, the results should be viewed as an indication of  
5 the relative contributions of each class.

6 **Q: Are the recommendations made by the Staff, Wal-Mart, and MUUG similar?**

7 A: Yes. The parties expressed a desire to levelize rates paid by the respective classes. Staff  
8 proposes to limit the increase or decrease of any subclass to 50% of the increase or  
9 decrease resulting from the rate design plus an equal percentage increase (4.007%) as  
10 proposed by the Staff. Wal-Mart expressed its preference to move all rates to cost of  
11 service, but was willing to accept an allocation of the rate increase as proposed by KCPL,  
12 if the Commission grants KCPL's requested level of revenue requirement increase.  
13 However, in the event the Commission grants KCPL a lower level of revenue  
14 requirement increase, Wal-Mart recommends that any reduction from the requested  
15 amount should be allocated to those classes whose rates are above cost of service or have  
16 a rate of return in excess of the overall rate of return that KCPL is proposing. MUUG  
17 proposed to fully levelize class costs before equally applying any overall increase  
18 approved by the Commission.

19 **Q: Are the studies consistent with the studies performed by the Company?**

20 A: Yes.

21 **Q: After reviewing the other parties' studies, do you still believe the results of KCPL's  
22 CCOS study provides reasonable results?**

23 A: Yes, I do.

- 1 **Q: What is the Company's response to the recommendations made by the Staff,**  
2 **Wal-Mart and MUUG regarding various increases to KCPL's customer classes?**
- 3 A. Company witness Timothy M. Rush addresses these recommendations in his rebuttal  
4 testimony.
- 5 **Q: Does that conclude your testimony?**
- 6 A: Yes, it does.

